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Memo	Michael Blumenthal to Pres. Carter, 5 pp., re:Dollars & Energy	2/23/78	A

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THE PRESIDENT'S SCHEDULE

Thursday - February 23, 1978

8:15 Dr. Zbigniew Brzezinski - The Oval Office.

8:45 Mr. Frank Moore - The Oval Office.

9:30 Mr. Jody Powell - The Oval Office.

10:30 (60 min.) Meeting with Senator Sam Nunn, Secretary Harold Brown et al. (Dr. Zbigniew Brzezinski).

11:30 (45 min.) National Security Council Meeting. (Dr. Zbigniew Brzezinski) - The Cabinet Room.

12:30 Lunch with Mrs. Rosalynn Carter - Oval Office.

1:35 Depart South Grounds via Motorcade en route FBI Building.

1:45 Swearing-in Ceremony of Judge William H. Webster as Director of the Federal Bureau of Investigation.

2:15 Return to the White House.

2:30 (30 min.) Announcement of the Civil Rights Reorganization Plan. (Mr. Stuart Eizenstat) - The East Room.

CONGRESS
URBAN LEAGUE
NAT URBAN COALITION
NAACP = LEADERSHIP CONFERENCE on CIVIL RTS
NAT ORG of WOMEN
AMER G I FORUM
MEX-AMER LEGAL DEF & ED FUND
Am Asso of RETIRED PERSONS
~~AMER~~ FED of GOVT EMPLOYEES
NAT FED of FED "
NAT ASSO OF GOVT "
CHAMBER of COMMERCE of U.S.
BUS ROUNDTABLE
NAT ASSO of MFG'rs
NAT GOV CONFERENCE
UAW - GEN MOTORS - NBC

CORETTA KING
LINDA ROBB

White House Announcement Ceremony...
Equal Employment Opportunity Reorganization Plan
Thursday, February 23, 1978, 2:30 p.m.

THE WHITE HOUSE

WASHINGTON

February 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE FM/gd.

You should telephone the Speaker this evening to thank him for his help on the B-1 bomber vote.

He took the floor this afternoon and gave a real from-the-heart speech on defense.

PRESIDENT JIMMY CARTER
WHITE HOUSE ANNOUNCEMENT CEREMONY
EQUAL EMPLOYMENT OPPORTUNITY REORGANIZATION PLAN
THURSDAY, FEBRUARY 23, 1978, 2:30 P.M.

I WELCOME YOU TO THE WHITE HOUSE TO JOIN WITH ME IN TAKING AN IMPORTANT STEP TOWARD A MORE COMPETENT GOVERNMENT AND A MORE JUST SOCIETY.

WE ARE HERE TODAY TO ANNOUNCE A COMPREHENSIVE SERIES OF MEASURES TO CONSOLIDATE AND STREAMLINE THE ENFORCEMENT OF EQUAL EMPLOYMENT OPPORTUNITY LAWS.

I BELIEVE THAT THIS IS THE SINGLE MOST IMPORTANT ACTION TO IMPROVE CIVIL RIGHTS PROTECTION IN A DECADE.

MANY OF YOU IN THIS ROOM HAVE PARTICIPATED IN THE STRUGGLE TO MAKE HUMAN RIGHTS A RICHER AND FULLER REALITY IN OUR COUNTRY.

YOU HAVE LED AND REPRESENTED . . .

YOU HAVE LED AND REPRESENTED DIFFERENT GROUPS, FOUGHT DIFFERENT OBSTACLES, BUT YOUR COMMITMENTS HAVE BEEN, AND ARE TODAY, THE SAME.

YOU HAVE SEEN THE EVILS OF DISCRIMINATION, IN ALL ITS VARIOUS FORMS.

YOU HAVE DEDICATED YOUR LIVES TO THE ELIMINATION OF THOSE EVILS.

I HAVE OFTEN SAID THAT ONE OF THE BEST THINGS THAT HAPPENED TO THIS COUNTRY IN MY LIFETIME WAS THE CIVIL RIGHTS ACT OF 1964.

WHEN I ANNOUNCED MY CANDIDACY FOR THE PRESIDENCY, I REPEATED THE WORDS OF MY INAUGURAL SPEECH AS GOVERNOR OF GEORGIA: "THE TIME FOR RACIAL DISCRIMINATION IS OVER.

"OUR PEOPLE HAVE ALREADY MADE THIS MAJOR AND DIFFICULT DECISION, BUT WE CANNOT UNDERESTIMATE THE CHALLENGES OF HUNDREDS OF MINOR DECISIONS YET TO BE MADE."

EVERYONE HERE IS READY TO MEET THE CHALLENGE OF FULFILLING OUR EQUAL RIGHTS COMMITMENT -- WHETHER WE ARE FROM GOVERNMENT, FROM BUSINESS, FROM THE RANKS OF LABOR OR FROM THE MOVEMENTS THAT STRUGGLED TO WRITE THAT COMMITMENT INTO LAW -- REPRESENTATIVES OF WOMEN, MINORITIES, SENIOR CITIZENS, AND OTHERS.

IN 1940, PRESIDENT ROOSEVELT ISSUED THE FIRST EXECUTIVE ORDER FORBIDDING DISCRIMINATION IN EMPLOYMENT BY THE FEDERAL GOVERNMENT.

SINCE THAT TIME THE CONGRESS, THE COURTS, AND THE EXECUTIVE BRANCH HAVE TAKEN HISTORIC STEPS TO EXTEND EQUAL EMPLOYMENT OPPORTUNITY PROTECTION THROUGHOUT THE PRIVATE AS WELL AS PUBLIC SECTOR.

BUT EACH NEW PROHIBITION AGAINST . . .

BUT EACH NEW PROHIBITION AGAINST DISCRIMINATION UNFORTUNATELY HAS BROUGHT WITH IT A FURTHER DISPERSAL OF FEDERAL EQUAL EMPLOYMENT OPPORTUNITY RESPONSIBILITY.

THERE ARE TODAY NEARLY FORTY FEDERAL STATUTES AND ORDERS WITH WIDELY APPLICABLE NON-DISCRIMINATION REQUIREMENTS.

THESE ARE ENFORCED BY SOME EIGHTEEN DIFFERENT DEPARTMENTS AND AGENCIES.

THAT IS A FORMULA -- NOT FOR EQUAL JUSTICE -- BUT FOR CONFUSION, DIVISION OF RESOURCES, NEEDLESS PAPERWORK, REGULATORY DUPLICATION AND DELAY.

THE PROGRAM I AM ANNOUNCING TODAY WILL REPLACE THIS CHAOTIC PICTURE WITH A COHERENT AND SENSIBLE STRUCTURE.

IT CONSTITUTES AN IMPORTANT STEP TOWARD CONSOLIDATION OF EQUAL EMPLOYMENT OPPORTUNITY ENFORCEMENT.

-- REINFORCE THE RESPONSIBILITY OF THE DEPARTMENT OF JUSTICE TO ASSURE COMPLIANCE WITH EQUAL EMPLOYMENT STANDARDS BY STATE AND LOCAL GOVERNMENTS.

THIS IS THE FIRST PLAN I AM SENDING TO CONGRESS IN 1978, UNDER THE REORGANIZATION AUTHORITY LAW PASSED LAST YEAR.

THIS LAW IS A POWERFUL INSTRUMENT WHICH CONGRESS AND THE PRESIDENT, WORKING TOGETHER, CAN USE TO MAKE GOVERNMENT WORK BETTER.

ON THIS PARTICULAR REORGANIZATION PLAN, AS ON OTHERS ALREADY APPROVED AND THOSE STILL BEING DEVELOPED, WE HAVE BEEN FORTUNATE IN HAVING THE CLOSE COOPERATION AND EXPERTISE OF THE SENATE GOVERNMENTAL AFFAIRS COMMITTEE, CHAIRED BY SENATOR ABE RIBICOFF, AND OF THE HOUSE GOVERNMENT OPERATIONS COMMITTEE, CHAIRED BY CONGRESSMAN JACK BROOKS.

SPECIFICALLY, IT WILL:

-- ESTABLISH THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION AS THE PRINCIPAL FEDERAL AGENCY IN FAIR EMPLOYMENT ENFORCEMENT;

-- TRANSFER FROM THE DEPARTMENT OF LABOR TO EEOC MAJOR STATUTES WHICH FORBID DISCRIMINATION ON THE BASIS OF SEX AND OF AGE;

-- TRANSFER FROM THE CIVIL SERVICE COMMISSION TO EEOC RESPONSIBILITY FOR ENFORCING EQUAL EMPLOYMENT OPPORTUNITY PROTECTIONS FOR FEDERAL EMPLOYEES;

-- CONSOLIDATE IN THE DEPARTMENT OF LABOR RESPONSIBILITY, NOW SPLIT AMONG 11 AGENCIES, FOR ENSURING THAT FEDERAL CONTRACTORS COMPLY WITH EQUAL EMPLOYMENT STANDARDS;

-- REINFORCE THE RESPONSIBILITY. . . .

WE LOOK FORWARD TO WORKING VERY CLOSELY WITH THEM AND THEIR ABLE STAFFS THROUGH THE STATUTORY PROCESS OF CONGRESSIONAL DELIBERATION AND EVALUATION OF THESE PROPOSALS.

# # #

SIGN REORG PLANS

12:00 noon

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 23, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT

SUBJECT: Meeting with Congressional Leaders At Noon Today

I am concerned that the decision-making process for the coal strike options be followed to give you the best opinion available. We are now staffing Secretary Marshall's options memo and will have all relevant views to you by first thing in the morning.

I have been informed by Landon that respected insiders at the UMW think that there might be significant compliance with a Taft-Hartley injunction under appropriate circumstances.

Jody will do talking points on which we are all agreed.

It is important to keep your options open at this time.

THE PRESIDENT

PROGRAM

☆ ☆ ☆

Administration of Oath
Of Office

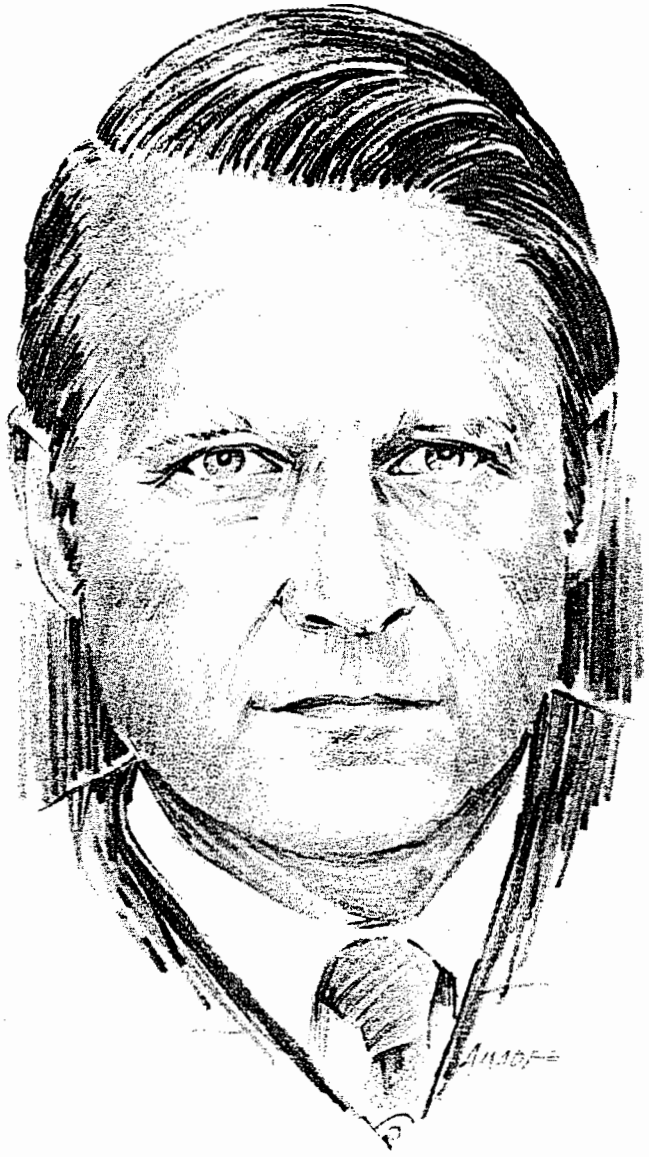
TO
WILLIAM H. WEBSTER

For Directorship of

The Federal Bureau of Investigation

☆ ☆ ☆

J. Edgar Hoover F.B.I. Building
February 23, 1978
Washington, D. C.



Sketch by Post–Dispatch Senior Artist Amadee,
Courtesy of the St. Louis Post–Dispatch, St. Louis, Mo.

William H. Webster

☆ ☆ ☆

Biographical Data

Mr. Webster was born March 6, 1924, in St. Louis, Missouri, and received his early education in Webster Groves near St. Louis. He was awarded a Bachelor of Science degree from Amherst College, Amherst, Massachusetts, in 1947, and received his Juris Doctor degree from Washington University Law School, St. Louis, Missouri, in 1949. He served as a Lieutenant in the United States Naval Reserve in World War II and in the Korean War.

Mr. Webster was a practicing attorney with a St. Louis law firm from 1949 to 1954, and from 1960 to 1961, served as United States Attorney for the Eastern District of Missouri. He returned to private practice in 1961, and in 1970 was appointed United States District Judge for the Eastern District of Missouri.

Mr. Webster subsequently served as United States Circuit Judge, Eighth Circuit, from 1973 until his appointment as FBI Director. He is married to the former Drusilla Lane and they are the parents of three children: Drusilla L. Busch, William A., Jr., and Katherine H.

PROGRAM

☆ ☆ ☆

Introduction – **Honorable Griffin B. Bell**
Attorney General of the United States

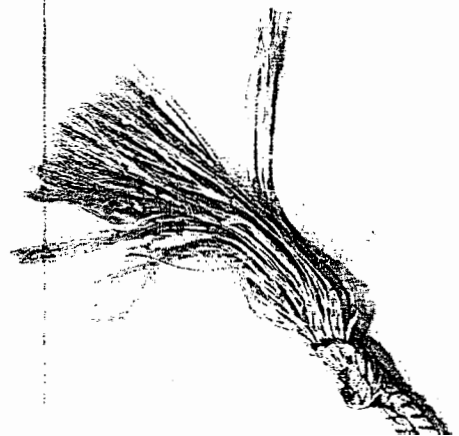
Administration of Oath – **Honorable Warren E. Burger**
Chief Justice of the United States

Remarks – **Honorable Jimmy Carter**
President of the United States

Remarks – **Honorable Clarence M. Kelley**
Former Director of the FBI

Presentation of Badge – **Honorable Griffin B. Bell**
Attorney General of the United States

Remarks – **Honorable William H. Webster**
Director of the FBI



THE PRESIDENT HAS SEEN.

2:30 PM

THE WHITE HOUSE

WASHINGTON

February 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT Stu

SUBJECT: Civil Rights Plan ceremony
Date: February 23
Room: East Room
Time: 2:30 p.m.

I. PARTICIPANTS

Approximately 220 persons will be present, including Members of Congress and Civil Rights, women's groups, labor, business and state and local government representatives. Among the more notable persons attending are the following:

A. Civil Rights Leaders

Mrs. Martin Luther King, Jr.
Vernon Jordan, Jr. - National Urban League
M. Carl Holman - National Urban Coalition
Clarence Mitchell - Leadership Conference on Civil Rights
Margaret B. Wilson - NAACP
Ellie Sneal - NOW
Antonio Morales - American GI Forum
Vilma Martinez - Mexican American Legal Defense and Education Fund
John Martin - American Association of Retired Persons

B. Labor Leaders

Wynn Newman - International Union of Electrical, Radio and Machine Workers
James Pierce - National Federation of Federal Employees
Henry LaCayo - United Auto Workers
Joseph Gleason - American Federation of Government Employees
Larry Simons - National Association of Government Employees

C. Business Leaders

Bernard Gold - NBC

Harold Coxson - Chamber of Commerce of the United States
Virgil B. Day - Business Roundtable
Daniel J. Nauer - Aerospace Industries Association of America
Annette Fribourg - National Association of Manufacturers
Stephen B. Farber - National Governor's Conference
Abraham S. Venable - General Motors

D. Congressional Leaders

Senators:	John Glenn	
	Jacob Javits	
	Henry Heinz, III	
Congressmen:	Jack Brooks	Martha Keys
	Don Edwards	Yvonne Burke
	Parren Mitchell	Albert Quie
	Claude Pepper	Elliott Levitas
	Charles Diggs, Jr.	
	John Jenrette, Jr.	
	Paul McCloskey, Jr.	

II. PRESS PLAN

1. 11:30 a.m. briefing for White House press in Press Room, followed (12 noon) by briefing for other press (New Executive Office Building). Briefings by OMB Staff.

2. White House press, including the three networks will be at the ceremony.

III. BACKGROUND

The ceremony is modeled after the events held when important civil rights acts were signed by President Johnson -- hence you will be signing two copies of the Reorganization message at this time -- one for each House.

Members of Congress, the Vice President, Cabinet members, Mrs. Norton and Jim McIntyre will stand behind you as you deliver your remarks.

As you leave, you may wish to personally greet selected individuals who will be seated near the front of the room, including Clarence Mitchell, Coretta King and Vernon Jordan.

A reception will be held in the rooms adjoining the East Room immediately following your remarks.

1:35 p.m.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

ATTENDANCE AT THE
SWEARING-IN OF JUDGE WILLIAM
H. WEBSTER AS DIRECTOR OF THE
FBI

Thursday - February 23, 1978
FBI Building
Departure: 1:35 P.M.

From: Tim Kraft

SEQUENCE

1:35 p.m. You board motorcade on South Grounds and depart en route Federal Bureau of Investigation.

1:40 p.m. Motorcade arrives Federal Bureau of Investigation.

PRESS POOL COVERAGE
CLOSED ARRIVAL

You will be met by:

James B. Adams, Acting Director

You proceed to offstage holding room, where you will greet Judge Webster and the following members of his family:

Mrs. Webster (Drusilla)
Katherine Webster (daughter)
William H. Webster, Jr. (son)
Drusilla Busch (daughter)
William Busch (son-in-law)

1:45 p.m. Announcement.

Accompanied by Judge and Mrs. Webster, you proceed to stage and take your seat.

1:46 p.m. Opening remarks by Attorney General Bell.

1:49 p.m. Swearing-in of Judge Webster by Chief Justice Warren Burger.

1:53 p.m. PRESIDENTIAL REMARKS.

OPEN PRESS COVERAGE
ATTENDANCE: 400

1:58 p.m. Your remarks conclude.

1:59 p.m. Remarks by former FBI Director Clarence Kelly.

2:01 p.m. Presentation of FBI badge to Judge Webster by Attorney General Bell.

2:03 p.m. Remarks by Judge Webster.

2:06 p.m. Remarks conclude.

2:07 p.m. You thank your hosts and proceed to motorcade for boarding.

2:16 p.m. Motorcade arrives South Grounds.

# # # # #

TALKING POINTS

THE WHITE HOUSE

WASHINGTON

February 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS, RICK HERTZBERG

SUBJECT: Swearing-in of new FBI Director

Background. The entire ceremony is scheduled to take less than twenty minutes. The order of events (with approximate times for each) is as follows:

1. Introductory remarks by Attorney General Bell. (2 min.)

2. Chief Justice Burger administers oath to Director Webster. (3 min.)

3. Remarks by Webster. (1 min.)

4. PRESIDENTIAL REMARKS. (2-6 min.)

5. Remarks by Director Kelley. (3 min.)

6. Bell presents badge to Webster. (1 min.)

7. Closing remarks by Webster. (3 min.)

Talking points. The central message to get across, politely but firmly, is that Director Webster will have your full support in rebuilding the FBI and making needed changes within it. Since he will undoubtedly encounter stiff bureaucratic resistance to doing this, an expression of support from you at this ceremony would be most useful to him. We suggest these points:

1. Of all the posts in the Federal government, none is more important than the Directorship of the FBI from the point of view of restoring public confidence and trust in government.

2. Director Webster faces tremendous challenges in his new job. The Bureau has performed large and often heroic service in the past, but there have also been serious problems. Some of these problems led to the kinds of abuses that have been amply publicized, while others simply hampered the Bureau's effectiveness and efficiency.

3. Director Kelley made a good start in attacking the problems. You expect Director Webster to carry on the fine work he began, especially in such areas as:

-- establishing clear investigative standards;

-- building safeguards into the Bureau against the "no-holds-barred" attitude of past years that led to violations of citizens' rights;

-- reordering priorities to give greater emphasis to the battles against organized crime, white-collar crime, official corruption, and fraud against the government -- the "quality over quantity" approach pioneered by Director Kelley;

-- improving relations between the FBI and other Federal law enforcement agencies;

-- continuing to work toward rooting out vestiges of racial and sex discrimination in recruiting Bureau personnel.

4. Director Webster is one of the country's most distinguished lawyers and judges. He has been a U.S. Attorney as well as a Federal District Judge and Circuit Judge. At the time of his appointment he was also Chairman of the Judicial Conference Advisory Committee on the Federal Rules of Criminal Procedure. He is also a Republican -- which should indicate that he is a fallible human being.

Note. Sanford Ungar, who is probably the best-informed independent observer of FBI matters (he is managing editor of Foreign Policy magazine and author of the definitive book "FBI: An Uncensored Look Behind the Walls"), believes that the greatest danger a new FBI Director faces is having his head turned by flattery and sycophancy within the Bureau. If you have a chance for a private word with Mr. Webster, you might advise him to cut down on the pomp and ceremony, beware of apple-polishers and car-polishers, and keep in touch with the younger, more imaginative agents.

# # #

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 23, 1978

MEMORANDUM FOR: TIM KRAFT

FROM: DAVID RUBENSTEIN D.R.

SUBJECT: Today's Civil Rights Ceremony

Hugh Carter has arranged for Linda Robb to attend today's Civil Rights ceremony. (Lady Bird Johnson was unable to attend, and Linda is coming in her place.) She is being invited because her father signed into law the 1964 Civil Rights Act which created the EEOC.

Hugh suggests that the President might want to acknowledge her presence if he acknowledges the presence of anyone in the audience. She will be sitting in the front row.

THE WHITE HOUSE

WASHINGTON

23 February 1978

MEMORANDUM FOR
THE HONORABLE W. MICHAEL BLUMENTHAL
Secretary of Treasury

Re: Taxation of Americans Working Abroad

The President reviewed your memorandum dated February 22 on the above subject and did not approve your position.

Rick Hutcheson
Staff Secretary

THE WHITE HOUSE
WASHINGTON

February 23, 1978

Stu Eizenstat
Jim McIntyre

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

RE: TAXATION OF AMERICANS WORKING ABROAD

We will notify Sec. Blumenthal of the President's decision.

THE WHITE HOUSE
WASHINGTON

		FOR STAFFING
		FOR INFORMATION
✓		FROM PRESIDENT'S OUTBOX
		LOG IN/TO PRESIDENT TODAY
		IMMEDIATE TURNAROUND

Log memo to Blumenthal

ACTION	FYI	
		MONDALE
		COSTANZA
✓		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
✓		McINTYRE
		SCHULTZE

		ENROLLED BILL
		AGENCY REPORT
		CAB DECISION
		EXECUTIVE ORDER

Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
		GAMMILL

		KRAFT
		LINDER
		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		POSTON
		PRESS
		SCHLESINGER
		SCHNEIDERS
		STRAUSS
		VOORDE
		WARREN

THE WHITE HOUSE

WASHINGTON

February 22, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT
BOB GINSBURG

SUBJECT: McIntyre and Blumenthal Memos on Taxation of Americans Working Abroad

Although Treasury has known since February 7 that it was scheduled to testify on this subject before the Ways and Means Committee tomorrow morning, we did not receive these memos until several hours ago. We indicated to Treasury that this was inadequate lead time and raised the possibility that they might postpone their testimony. However, Treasury stated that they would have to ask Chairman Ullman for the postponement as a personal favor and, in addition to wanting to avoid the appearance of disorganization, they preferred not to do so.

I. Private Citizens Working Abroad

OMB has presented you with 4 options on this issue. All the options feature tax deductions for a portion of special living costs (e.g., housing and education expenses) incurred by Americans working abroad.

The most important difference among the options is that the Treasury proposal (Option I) allows the taxpayer to flatly exclude $15,000 from his taxable income as an optional alternative to taking the specific deductions geared to specific living costs. The Treasury proposal would not limit the $15,000 exclusion to Americans working in specific geographic areas (e.g., the Middle East) or specific hardship circumstances (e.g., construction camps) but would provide the exclusion for all private citizens working abroad, including those living in the developed countries of Western Europe, Canada, Japan, Australia, etc.

The OMB proposal (Option II) does not include the $15,000 option. Option III would provide the $15,000 option but only for Americans working in construction camps and other substandard housing. Option IV would provide the $15,000 option but only for Americans working in countries designated to be hardship areas, such as the Middle East.

The options range in annual cost from $459 million for the Treasury proposal to $245 million for the OMB proposal. Option III (allowing the $15,000 exclusion for workers in construction camps) would cost $285 million, and Option IV (allowing the $15,000 exclusion for workers in hardship countries) would cost $330 million.

We are comfortable with either the OMB proposal (Option II) or, if you wish for foreign policy reasons to target benefits to Americans working in the Middle East and other hardship areas, Options III and IV. If you prefer one of the targeted options, we are advised by the tax experts in Treasury and OMB that Option IV (with the targeting based on specific countries rather than the definition of a construction camp) is technically superior, even if somewhat more expensive. We prefer OMB's Option II.

We strongly oppose the Treasury proposal (Option I) which, in addition to being by far the most costly of the options, indiscriminately spreads the tax benefits around to developed as well as developing countries. We think it would be utterly inconsistent and would cast doubt upon the Administration's tax reform stance to (1) on the one hand, propose the elimination of foreign tax privileges for corporations making profits abroad and a crackdown on expense account living by individuals at home and (2) on the other hand, call for $15,000 in tax-free income for relatively wealthy Americans who live in Paris, London, etc. We find no valid reason of economic policy to justify such Federal largess. CEA supports the OMB proposal of Option II, as do we.

II. Federal Employees Working Abroad

Treasury proposes a set of relatively modest changes affecting the taxation of Federal employees working abroad: (1) subject to tax a portion of their housing allowances, which is just one of many tax-free allowances available to these Federal workers; (2) remove Alaska and Hawaii

from the list of overseas posts for which the tax-free allowances are available; and (3) require the agencies to provide adequate information on the large number of excluded benefits so that we can evaluate how much they really cost the U.S. taxpayer.

We agree with the Treasury proposal for the following reasons:

1. The Administration could be subjected to justified criticism from Congress and the public for being tough on tax breaks for private enterprise abroad but liberal with tax breaks for Government workers abroad.

2. Failure to propose any change in this area might adversely affect the likelihood of passage of our more important proposals for private citizens working abroad.

3. An easy-going attitude on government perquisites would be inconsistent with the tone and actions of the Administration.

4. If in fact this proposal (which leaves untouched the tax-free allowances for cost of living, home leave, rest and recuperation, and education) would lead to recruitment problems, we think the appropriate course would be for the agencies to seek higher allowances for their employees through the budget process--in that way, you and OMB can control the cost to the taxpayers of these benefits.

BLUMENTHAL MEMO

PRIORITY ACTION

THE SECRETARY OF THE TREASURY

WASHINGTON

February 22, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Taxation of Americans Working Abroad

I have made a proposal for permanent revision of the tax treatment of Americans working abroad. The proposal covers both Americans working for private enterprise and employees of the U.S. Government. The present rules in this area are unsatisfactory, and there is general recognition that a change is needed. Congress is about to act on this matter, so we cannot delay establishing our position.

OMB has opposed the Treasury proposal on private sector employees, which is strongly supported by State and Commerce. OMB's position is essentially to hold the line on the 1979 Budget, which made no provision for change in this area. Although it was clear in January that the Administration would favor a change in this area involving reduced revenue from the 1976 provisions, the dimensions of the change were not firm. Hence the erroneous course was followed of simply making no provision at all in the Budget.

As indicated below, however, there are much wider considerations at play, and budgetary considerations for this year should not impede a reasonable and fair resolution which cannot be postponed.

Having made the mistake in omitting any Budget provision, we ought not to compound the error by proposing the wrong policy for a permanent change in the law.

Your decision on the Treasury proposal is needed so that Treasury can present the Administration's position before the Ways and Means Committee at hearings on this subject tomorrow morning.

Background

The United States taxes its citizens and residents on worldwide income, and provides a credit for foreign

taxes paid. For years, however, our laws have provided special tax benefits for citizens working abroad.

The issue, in general terms, is what those special benefits should be.

Prior to the Tax Reform Act of 1976, a worker in the private sector could exclude $20,000 from his income subject to U.S. tax. The exclusion was $25,000 if he maintained a residence abroad for more than three years. Foreign taxes on the excluded amount could be claimed as a credit against U.S. taxes on other income. Moreover, the exclusion was of income from the highest tax brackets--i.e., subject to the highest U.S. rates.

The 1976 Act lowered the amount of the exclusion to $15,000. It denied the foreign tax credit for foreign taxes on the excluded amount. And it provided that the excluded income would come from the lowest U.S. brackets. U.S. liability on non-excluded income was left considerably higher than under pre-1976 law.

The 1976 Act has not gone into effect. Pre-1976 law was extended in 1977 so that it applied for all of 1976. Congress is currently considering an extension of pre-1976 law for 1977 and 1978. In addition, Congress is considering various proposals to change the taxation of Americans working abroad on a permanent basis, so that such taxpayers are allowed deductions for specific overseas costs, rather than a flat exclusion. It is widely agreed that the flat exclusion approach characteristic of both pre-1976 law and the 1976 Act is not, by itself, adequate. It is also widely agreed that the 1976 Act operates too harshly and inequitably.

Americans working abroad for the Federal Government are entitled to a different set of tax benefits. They may exclude from income a series of allowances, including cost of living, housing, home leave, and various others, which they receive from the agencies for which they work. Americans in the private sector frequently criticize the more favorable treatment given to Federal employees. On the other hand, other federal agencies are adamantly opposed to any change in that treatment, claiming that changes will cause serious problems with recruitment.

Reasons for Treasury Proposal

Everyone agrees that it is necessary to liberalize the restrictive 1976 Act rules with respect to Americans working abroad in the private sector. Any liberalization enacted by Congress will exceed the 1979 Budget, since it is in error anyway, through our omission. This is not just a technical tax matter, and the issues transcend budgetary considerations. The wrong Administration position will harm the American presence overseas. Our policies in this area have important foreign policy and trade implications. Other countries have frequently expressed interest in, and concern about, U.S. tax treatment of our citizens abroad. Particularly in the wake of proposals to repeal DISC and deferral, an Administration proposal that is not perceived as reasonable and designed to encourage U.S. citizens to go abroad to promote our cultural and commercial interests will give the appearance of a withdrawal from international involvement and a concerted assault on American business engaged in international trade.

The Treasury proposal is based upon the following specific considerations:

A. With our serious balance of trade deficit, it is important that Americans work abroad. The presence of American personnel, particularly in the Middle East, helps to assure that dollars earned by those countries will be used to purchase American products and technology. A restrictive policy on the taxation of such personnel is likely to be badly received both in the business community and in foreign money markets. Particularly in view of the recent weakness of the dollar we should avoid policies likely to produce such adverse reactions.

B. Foreign policy considerations dictate the same conclusion. Unless the primacy of American technology is maintained through the presence of Americans abroad, we will lose vital American influence upon the thinking and sympathy of other countries.

C. Americans working abroad encounter, in many parts of the world, higher costs of living than Americans who work in the United States. The proposed special deductions are designed to make the taxation of Americans abroad more equitable vis-a-vis the taxation of Americans in the United States.

D. Since our principal foreign competitors provide tax exemption for their nationals who are resident abroad, some comparable lessening of tax burdens is essential to place Americans in a position to compete for jobs abroad. By giving all taxpayers overseas the optional $15,000 deduction, the Treasury proposal ensures that the deduction will not be unavailable to any deserving American.

E. Congressional sentiment favors relief from the 1976 changes. The GAO has strongly endorsed such relief, and has pointed to the contribution that Americans abroad make to the U.S. economy. Relief from the "reforms" adopted in 1976 is a near certainty.

Treasury Proposal

The Treasury proposal for the private sector is a series of specific deductions aimed at the excess costs of working abroad, such as housing, education, and home leave travel, or an alternative flat deduction of $15,000. (A detailed description of the proposal is attached.) The $15,000 deduction would be, as under pre-1976 law, from the highest brackets and the full foreign tax credit would be available for foreign taxes on the deducted amount. In my judgment it is necessary to provide this alternative in order to ensure that all deserving taxpayers are covered. Attempting to target the alternative deduction to particular industries or individuals is not realistic.

In regard to taxation of government employees abroad, the Treasury proposal is to tax the portion of the housing allowance equivalent to normal domestic housing and to change the law so that Alaska and Hawaii no longer qualify as overseas posts for which the exclusion is available. Treasury also favors information reporting on the large number of excluded benefits, so we can determine the magnitude of the tax expenditure. All other government agencies oppose change in present benefits for government employees. Cy Vance, in particular, has written me that he regards the issue as so important that he "would want to take it up with [you] if it should be necessary."

Mike

W. Michael Blumenthal

Approve Treasury Position _____

Disapprove ✓

I

MCINTYRE MEMO

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

February 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr.

SUBJECT: Taxation of Americans Working Abroad

Brief Statement of the Issues

Secretary Blumenthal proposes a permanent revision of the tax treatment of Americans working abroad for both private business and the U.S. Government. OMB opposes the proposal for the private sector as an inequitable solution to the tax problems of Americans working overseas and because it would decrease FY 1979 receipts by $214 million below the budgeted amount. OMB supports an alternative that would not decrease FY 1979 budget receipts but would meet many of Secretary Blumenthal's policy concerns.

OMB agrees with the State Department and other agencies that the Administration should not propose changing the tax treatment of Federal employees working abroad.

Your decisions on the options presented in this memorandum are needed so that the Treasury Department may present the Administration's position before the Ways and Means Committee tomorrow morning.

Summary of Treasury Proposal - Option I

Private Sector Workers Abroad -

- Grant the option a $15,000 flat deduction or special deductions for
  - housing costs in excess of 20% of net income.
  - education costs up to $4,000 per child plus two round trips per year between the foreign residence and school.

- one round trip per year per family member to U.S.

. Liberalize current law provision for tax free food and housing in construction camps and similar situations.

. Liberalize deductions for temporary living arrangements associated with a move abroad.

Federal Employees

. Subject housing allowances not in excess of 20% of salary to tax.

. Repeal special exclusions from taxable income for Federal employees in Alaska and Hawaii.

The OMB position

When FY 1979 budget receipts were estimated, the tax expenditure for Americans working abroad in the private sector was estimated at $245 million. The 1976 Act changes were assumed to become effective on January 1, 1978. Treasury has reestimated that tax expenditure at $145 million. Thus it is possible to propose a $100 million increase in the tax expenditure (a $100 million revenue loss) and stay within budgeted receipts. The Treasury proposal goes beyond the $100 million by $214 million for a total tax expenditure of $459 million.

OMB opposes the Treasury proposal for the following reasons:

. it requires the Administration to testify in favor of larger tax cuts for 1979 and later years than announced in your Tax Reform Message.

. the majority of the benefits go to workers with incomes over $30,000; 29% goes to those with incomes of $50,000 or more.

- only 21% of the benefits would go to workers in the Middle East; 35% go to those in Western Europe.

- the alternative $15,000 exclusion, which accounts for most of the added cost, would apply to income at the taxpayer's highest brackets and would not reduce allowable foreign tax credits. This is a return to the pre-1976 Act concept and would be rightly regarded as a step away from tax reform.

- Treasury argues for the $15,000 deduction as an export incentive but it is not tied to export activity. The argument runs counter to the Administration's argument for the repeal of DISC.

The OMB Proposal - Option II

I urge that you approve this option which would cut taxes for private Americans working abroad by $100 million but not, due to the reestimation explained above, reduce budget receipts. The proposal would modify the Treasury option by

- eliminating the alternative deduction of $15,000.

- limiting the home leave deduction to every other year.

This proposal is not only consistent with the budget, but, equally important, it is reasonable tax policy. It

- responds to the legitimate need for adjusting taxes when housing costs are extreme.

- meets the problem of construction camp workers by excluding from tax the value of housing and food provided by employers.

- allows reasonable education costs to be deducted.

Secretary Blumenthal argues that unless the Administration is sufficiently generous "it will give the appearance of a withdrawal from international involvement and a concerted assault on American business engaged in international trade." I believe the OMB proposal is reasonably generous and is defensible in the context of your other tax proposals. The increased generousity of the Treasury proposal is not effectively targeted toward clear policy objectives. It is likely, and correctly, to be viewed as a large measure of tax relief for high income Americans working in glamorous places.

Other Alternatives

More generous alternatives are available as one moves along the spectrum from the OMB proposal to the Treasury proposal. While a proposal could be tailored to fit practically any dollar amount of added tax relief, two alternatives have been developed.

Option III - The Treasury proposal would be modified to target the $15,000 alternative deduction to workers living in camps and other low-cost, substandard housing. This approach would provide a special benefit for Americans working abroad under conditions of hardship, such as in the Middle East, who might be expected to seek alternative employment unless they are provided some tax incentive. The FY 1979 tax expenditure would be $40 million above the budgeted amount.

Option IV - Option III would be expanded to allow the alternative $15,000 deduction to all private sector employees in countries designated by the Secretary as hardship areas. The FY 1979 tax expenditure would be about $85 million above the budgeted amount.

Federal Employees Working Abroad

Opposition to the Treasury proposal from agencies with employees working abroad is very strong. Secretary Vance's letter is attached. I agree that the revenue gain ($10 million in FY 1979 and $30 million when fully effective) is not worth enduring the heated opposition of employees working abroad. The Treasury proposal would not subject all allowances to tax but would only tax housing allowances to the extent they equaled housing costs reasonable by U.S. standards. Failure to include some portion of housing allowances in taxable income may be viewed as inequitable favoritism for "our own." There are, however, many circumstances where Federal employees abroad are not free to choose their own housing and where such housing is far inferior to U.S. standards, even though nominally expensive.

Decisions (Tax expenditure consequences are summarized in the attached table.)

Options for Private Sector Workers

I Treasury Proposal (State and Commerce support) ☐

II OMB Proposal (CEA supports) ☑ FC

III Alternative $15,000 deduction for construction camp workers ☐

IV Alternative $15,000 deduction for workers in hardship countries ☐

Options for Federal employees

I Treasury and CEA ☐

II No change - State, OMB, and other agencies ☑ F

STATE & CIA ATTACHMENTS

Tax Expenditure Estimates
for Income Earned Abroad in
the Private Sector
Fiscal Year 1976
($ millions)

1979 BUDGET (assumed 1976 Act in effect 1/1/78)	245
New Estimates	
Pre-1976 Law	474
1976 law in effect 1/1/78 (same as budget assumption)	145
OPTION I (effective 1/1/78) (Treasury Proposal)	459
OPTION II (effective 1/1/78) (OMB Alternative)	245
OPTION III (effective 1/1/78)	285
OPTION IV (effective 1/1/78)	330

THE SECRETARY OF STATE

WASHINGTON

February 16, 1978

Dear Jim:

Thank you for the opportunity to comment on the proposed Treasury testimony recommending changes in the tax treatment of private American citizens and U.S. Government employees working abroad. Doug Bennet is forwarding Department comments on the proposals on Section 911, but the tax treatment of U.S. Government employees overseas is so vital that I wanted to write you personally about my concerns on the Treasury proposals. Our comments on those proposals, keyed to the sections of the paper you circulated for comment, are enclosed. Also enclosed are specific examples of the effects these proposals would have on individual employees at various salary levels.

We are most troubled by the proposal that would, for the first time, tax the housing benefit paid to U.S. Government employees overseas. This would be done by limiting the exclusion for housing allowances under Section 912 to the excess of the housing allowance received over 20 percent of the gross income of the employee. Because some employees will be able to claim exclusion of the housing benefit under other provisions of the tax code, this proposal would be extremely difficult to administer and would be perceived as inequitable. In the short run it would cause confusion and difficulty for all agencies in recruiting and assigning personnel overseas. In the long run I believe that the pressure to correct inequities would result in modification of the housing allowance, involving substantial budget impact.

The Honorable
James T. McIntyre, Jr.,
Director-designate,
Office of Management and Budget.

Treasury is sensitive to this problem, but, as we understand their position, they feel it would be preferable to tax the housing benefit and make whatever increases in pay and allowances are necessary so that the compensation structure of U.S. Government employees overseas is not affected. This would have the advantage that the full cost of the housing benefit would be explicitly stated in the federal budget. From a practical standpoint, however, this approach is not realistic and would involve us in thorny problems. Salary scales for U.S. Government employees overseas cannot be increased. Revising the allowances structure would involve the Department and OMB in round robin negotiations with some twenty agencies, complicated by the need to factor in the views of a number of Congressional committees and ensure a fair hearing for the affected employees and their unions. The process would place usurious demands on the time of all of our people involved, and the outcome could very well be less satisfactory and costlier to the government than the present system.

In dealing with issues of compensation and taxation of Americans overseas, we must take into account the fact that government systems of employment and compensation are far less flexible than those of the private sector. For example, private employers can and do compensate their employees for any increase in tax liability due to overseas service; there would be serious problems were the government to attempt this. The private employer can substitute foreign nationals for American employees with much greater flexibility than the government. These factors restrict the government's ability to select personnel for service overseas and determine how they will be compensated and reimbursed for the added expense of serving at a foreign post.

The impact of modification of Section 912 would be most severely felt by the lower salaried employees which make up most of the U.S. Government civilian workforce overseas. Of the 37,600 employees serving abroad, three-fourths of these earn less than $20,000 per year and half make less than $13,000. Nearly one

fifth of the workforce is at the GS 1-4 level. These employees are already caught in the double problem of overseas inflation and the reduced purchasing power of the dollar. The additional financial burden of increased taxation due to changes in Section 912 would result in increased difficulties in attracting the caliber of employees the government must attract if we are to carry out effectively the objectives and programs of the United States abroad.

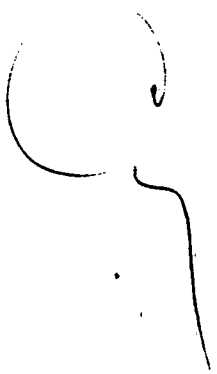
The problems in the Treasury proposals stem from linking Sections 911 and 912. However attractive this might be in principle, there are real practical difficulties because of the differences between the government as an employer and the private sector and between the respective workforces. Our presentations to the House Ways and Means Committee should make these differences clear.

I recommend in the strongest terms that we delete any reference to Section 912 from Treasury testimony, and offer the House Ways and Means Committee the expertise of the Inter-Agency Committee on Overseas Allowances and Benefits in handling questions that might arise with respect to Section 912. The Inter-Agency Committee, on which twenty agencies are represented, has completed an exhaustive study of the complex system of allowances and benefits available to U.S. Government employees overseas. They have a unique expertise in this area, and they can address not only the issues of taxation but the management problems faced by the U.S. Government as an employer overseas.

Effective and responsible management of the complex overseas benefits and allowances program is of critical importance not only to State, but all of the agencies overseas. We take real pride in the improvements in that program being made by the Inter-Agency Committee, working closely with your people at OMB and the General Accounting Office. It is vital that we not allow the time constraints associated with the upcoming hearings push us into actions that would damage our ability to manage the U.S. Government presence overseas and ultimately result in higher costs.

While I understand that time pressures have not permitted the study and consultation between Departments that would have been desirable on issues so complex, I strongly urge that no position be taken with the Congress until we have worked out these issues within the Executive Branch and allowed the President to decide on those issues we cannot otherwise resolve.

Sincerely,



The Director
Central Intelligence Agency

Washington, D.C. 20505

22 February 1978

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

During the past three years the Department of the Treasury and the House Ways and Means Committee, in conjunction with their review of overall tax policy, have considered several proposals to amend or repeal Section 912 of the Internal Revenue Code. This statue provides that allowances paid to Government employees overseas are not taxable income to them, and recission would mean that each employee overseas would be immediately faced with a substantial reduction in his income as a result of increased taxes. I understand that, in conjunction with hearings before the House Ways and Means Committee on February 23 and 24, the Secretary of the Treasury is proposing that housing allowances paid to employees overseas be taxed in amounts up to 20 percent of each employee's salary. This would have serious implications for agencies with personnel overseas.

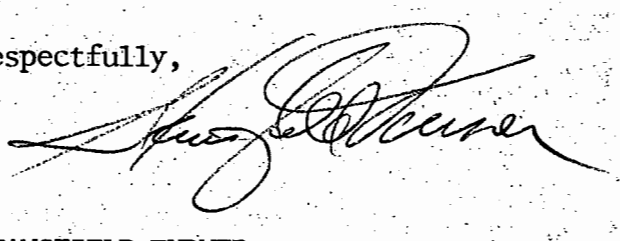
The employees who would bear the brunt of the burden are those in the lower grades and those who are assigned to the least attractive posts. Qualified employees will be reluctant to accept overseas obligations if they must weigh each proposed assignment in terms of financial hardship they will face in the form of increased taxes. Additional tax burdens that would fluctuate on the basis of housing costs at different posts, would have a particular impact on the CIA because of the number of posts we must staff in undesirable living conditions.

The Interagency Committee on Allowances and Benefits has studied this matter intensively and produced two detailed reports on the issue. They have unanimously concluded that it would not be in the best interests of the Government to modify the tax exclusions which have been authorized in Section 912 for several decades.

The tax proposals would impose uneven costs on employees on the basis of their individual tax circumstances and the cost of living at the post to which they may be assigned. Such factors will clearly affect our ability to assign

our best qualified personnel to specific posts. I recommend against any change in the existing tax procedures.

Respectfully,



STANSFIELD TURNER

ID 780948 THE WHITE HOUSE

WASHINGTON

5 30p

E.J. concurs w/ OMB comments

DATE: 22 FEB 78

FOR ACTION: STU EIZENSTAT JIM MCINTYRE

INFO ONLY: THE VICE PRESIDENT FRANK MOORE (LES FRANCIS)

JACK WATSON ~~cc~~ CHARLES SCHULTZE ~~cc~~

ZBIG BRZEZINSKI

SUBJECT: BLUMENTHAL MEMO RE TAXATION OF AMERICANS WORKING ABROAD

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: ASAP +

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

ACTION REQUESTED: IMMEDIATE TURNAROUND

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

February 23, 1978

Stu Eizenstat

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Bob Lipshutz
Jim McIntyre

RE: REFERENCE TC SEX DISCRIMINATION BILL IN MESSAGE ON EEO REORGANIZATION PLAN

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
✓		EIZENSTAT
		JORDAN
	✓	LIPSHUTZ
		MOORE
		POWELL
		WATSON
	✓	McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

February 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT

RE: Reference to Sex Discrimination Bill in Message on EEO Reorganization Plan

As part of the price for supporting the proposed EEO Reorganization Plan, the UAW wants you to endorse pending legislation which will prohibit employers from excluding women disabled by pregnancy from participating in disability programs. Last April several agencies, including Justice, Labor and EEOC, testified in support of the bill, but you indicated that you did not wish to make a personal endorsement at that time (see attached memo).

The legislation has passed the Senate and is in full committee in the House, and the message contains the following proposed language endorsing it:

> The transfer [of Equal Pay responsibilities] will strengthen efforts to combat sex discrimination. Such efforts would be enhanced still further by passage of the legislation pending before you, which I support, that would prohibit employers from excluding women disabled by pregnancy from participating in disability programs.

We recommend that you approve this or similar language for inclusion in the message. There is no budgetary impact. OMB concurs. As does Bob Lipshutz.

✓ Approve _____ Disapprove

F

THE WHITE HOUSE

WASHINGTON

April 5, 1977

Lisa
out of it
for now
J.

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ
STU EIZENSTAT

SUBJECT: Administration Testimony Re Sex Discrimination Bill

On April 6, hearings will begin on legislation which would guarantee to pregnant workers the right to use accrued sick leave and related benefits for medical disability during pregnancy and immediately following delivery. (The bill is designed to overturn the Supreme Court's December 1976 ruling that exclusion of pregnancy from such benefits programs does not constitute sex discrimination under Title VII of the Civil Rights Act of 1964.) Justice, Labor and EEOC will testify in favor of the bill.

The legislation is needed if women in industry are to receive compensation for the brief periods of absence medically required for healthy childbearing. Passage of the bill would not affect the Federal budget, since the Federal Government already affords its pregnant employees the treatment which the legislation would require of all employers. Corporations such as Xerox and IBM also provide such coverage, but other companies do not and therefore oppose the bill because they feel it would increase their costs somewhat; OMB believes, however, that the impact on the economy would be insubstantial.

The legislation (introduced by Senator Williams and Congressman Hawkins with some 80 co-sponsors) is supported by the heads of the interested agencies, including Griffin Bell and Bert Lance. It is being pushed by a large coalition of women's groups, as well as the AFL-CIO.

The agencies which will testify in favor of the bill wish to know whether, in the future, they may state that the measure has your personal support. We recommend that you give such authorization.

APPROVE _____ DISAPPROVE _____

9:00 AM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

C

MEETING WITH SENATOR ALAN CRANSTON (D-CALIFORNIA)
Thursday, February 23, 1978
9:00 a.m. (15 minutes)
The Oval Office

From: Frank Moore FM/fd

I. PURPOSE

Senator Cranston requested this meeting to discuss Soviet-American relations.

II. PARTICIPANTS AND PRESS PLAN

Participants: The President and Senator Cranston

Press Plan: No press coverage, including no White House photographer

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THE WHITE HOUSE

WASHINGTON

February 23, 1978

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for your information and appropriate handling. Please forward the attached copy to Secretary Vance.

Rick Hutcheson

RE: LETTER TO BLU MIDDLETON CONCERNING USE OF GLASGOW AFB FOR HUMANITARIAN AID CENTER

(Letter was sent to B. Middleton via Stripping)

THE WHITE HOUSE
WASHINGTON

2/22/78

Mr. President --

I received this on the 15th... and need some guidance on how you would like me to handle Blu Middleton's correspondence generally.

Thanks -- Susan

THE WHITE HOUSE

WASHINGTON

2-23-78

To Bob Middleton

Jim having the State Dept assess your proposal re use of Glasgow AFB for a humanitarian aid center.

Best wishes to you & your family. I know you're glad to be back home.

Jimmy

THE PRESIDENT HAS SEEN.

cc: Cy Vance
Have someone briefly assess
J. C.

The Montana Energy and MHD Research and Development Institute, Inc.
Post Office Box 3809
Butte, Montana 59701
(406) 494-4569
FTS 587-6100

SC
2/15/78

February 8, 1978

President Jimmy Carter
White House
Washington, D. C. 20500

Dear Jimmy:

Just a note to bring you up-to-date and to congratulate you on your first year in office. You have not disappointed us, and in your words, "I'm proud of you."

I am fairly well settled in The Montana Energy and Research Institute here in Butte. We finally sold our home in Pennsylvania, and Susy joined me along with Josh. Still have Amy, a junior at Westminister, Blake, a junior at Lycoming, and Abby working in Pennsylvania. Possibly we'll gather them all here in Montana sometime this summer.

We have followed very closely your several programs related to energy and human rights as well as your interest in appropriate technology (AT). There is little doubt that these programs are interrelated. While your administration has expressed an interest in AT and initial programs are starting in Agriculture, NSF, DOE and CSA, it does not appear that these relationships are being exploited to the fullest.

In particular, human rights can be viewed as that area of affairs that is accepted and no longer debated. Thus cannibalism, human sacrifice and slavery are clearly unacceptable to all civilized people and the issues are not even discussed. Your administration can make a historic contribution to the advancement of human welfare just to expand this area of agreed upon human conduct. From my work here in Montana I have found an opportunity that you may want to consider.

The idea is simply that it is a human right to receive assistance in times of natural or man-made disaster. Further, this is not an abstract idea, but the United States could build an inexpensive but visible and effective program to actually implement this concept. The concept of the United States not being in an adversary relationship to any other world power, but aligning itself with the innocent victims of disaster is a concept with obvious merit and does translate into action your great dreams and deepest aspirations for your administration and the United States.

Jimmy, currently our Institute is working on a DOD funded project to develop a viable use for the abandoned Glasgow Air Force Base here in Montana. We have studied and are in the process of evaluating many of the traditional uses of deactivated military facilities. In addition, I believe we have developed a very unique concept that will benefit the region but, more importantly, the country and the world. The concept is to use this "surplus" SAC base as the headquarters and supply depot for a new organization that will have as its mission to respond to national and international disasters and provide assistance to the lesser developed countries. The organization would couple response to disasters and foreign aid under one organization with full time trained professional employees. Many national and world organizations provide one or both of these services; however, in all cases, they are either short on people, equipment, communication, organization, supplies, or a combination of these.

The key is to offer and provide assistance to those same areas that are in most need of disaster relief, housing, heat, power, water, medicine, and food. The concept is for an integrated international staff working on daily assistance programs with its own communications network, integral air transportation system, developed appropriate regional technologies in the six principle areas, and stockpiled supplies to be available to respond to natural or global disasters within a couple of hours. The same organization and people working in the same technology areas and responding to different but very related problems: relief and assistance.

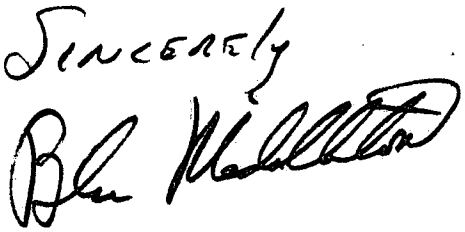
This is an appropriate activity for the United States to show initiative and a positive demonstration of your and the country's commitment to world-wide humanitarian relief. It will be a highly visible program in which developed and lesser developed countries can participate. The highly developed United States expertise in communications, transportation, and organization, using the systems approach and considering local, cultural, and socioeconomic factors, will use the appropriate technologies to provide for an improved quality of life in the related disaster and assistance areas. In the foreign situation, the objective is not to export United States style technology, but through an integrated team approach, to develop within each country the capability to provide the basic suitable daily necessities and relief in time of need.

The initial costs and operational costs are small. Glasgow AFB, estimated at more than $200 million at today's prices, which now stands idle and useless, could be made available for almost nothing. A few military type air transports would be required. The Air Force and commercial air/rail/sea transportation would be utilized for extensive supplying. Within 30 months a 300-400 person organization, with a stand-by reserve from students and ex-Peace Corps volunteers of 1,000-2,000, could be established and be operational. The costs during the build-up would be $12-18 million exclusive of aircraft and initial supply stockage. Once fully operational, the cost of operation would be more than covered under existing disaster and assistance funding because of increased efficiency of operation. Numerous GAO reports site waste of 20-30% in some disaster relief efforts in which the United States has spent over a billion dollars in recent years. The idea is to set up an independent private organization reporting to the White House to do this for five years. Cooperation with existing governmental agencies would be required, but no agencies would be eliminated. At the end of five years, the proper place within the government or as an established organization would be made. An immediate initial funding of approximately one million

would be adequate for initial staffing, forming detailed plans, operational requirements and procedures for an eight month period.

The timing of this is important because of the immediate opportunity to demonstrate our willingness to those in need and because of the disposition of Glasgow AFB probably within the year. There are other facilities that could be made available at some future time that have some of the desired characteristics; however, we feel that Glasgow has all of the desired features and is available now. We have made one briefing at the White House Staff level to Kathy Fletcher, and expect to be called back. If you or someone else on your staff is interested in more details, we would be willing to provide them by briefing or in writing.

Sincerely



982

THE WHITE HOUSE
WASHINGTON

February 23, 1978

Secretary Califano

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

bcc: Stu Eizenstat
Jack Watson
Peter Bourne

RE: MEDICAL SHIFT TO GENERIC DRUGS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

to Califano

ACTION	FYI	
		MONDALE
		COSTANZA
	/	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
	/	WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
/	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

2-23-78

To Joe Califano

I like the Medicaid shift to generic drugs. Please expand this effort as much as possible.

J. Carter

THE WHITE HOUSE
WASHINGTON

February 23, 1978

Stu Eizenstat
Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

RE: CAB DECISION - Pan Am Docket 32118

THE WHITE HOUSE

WASHINGTON

February 22, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: BOB LIPSHUTZ
STU EIZENSTAT

SUBJECT: Civil Aeronautics Board Decision:
Pan American World Airways, Inc.
Docket 32118

The Civil Aeronautics Board has suspended increases for excess baggage charges filed by Pan Am. Pan Am would increase the charges by 300-400%.

The CAB found that the increased charges were not justified by increased costs for the service.

All agencies agree with the Board's order and recommend that you approve it by taking no action.

✓

_____Approve _____Disapprove

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

FEB 2 1 1978

ACTION

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Civil Aeronautics Board Decision: Pan American World Airways, Inc. Docket 32118

The Civil Aeronautics Board proposes to suspend and investigate increased excess baggage charges filed by Pan American World Airways. Under Pan American's proposed charges the first two bags would still be carried for free and the charge for the first two pieces of "excess" baggage would remain at the same level. Additional bags would cost 300 to 400 percent more (for instance on New York-London flights from $35 to $105). Pan American proposes this action to discourage what they perceive as a serious abuse of the system which has led to large amounts of excess baggage sometimes beyond the weight and volume capacity of the aircraft.

The Board found that Pan American's proposed charges were an overreaction to an isolated and infrequent problem. The increased charges are not justified by increased costs for the service. The Board has scheduled an informal conference between Board staff, Pan American and other interested persons on March 3, 1978, to seek a mutually satisfactory resolution of the problem.

The Departments of State, Defense, Justice, and Transportation, and the National Security Council have no objection to the Board's proposed order.

If you take no action and allow the Board's order to stand, you may preserve the opportunity for judicial review by stating that no significant defense or foreign policy considerations affected your decision. In this case, the interested executive agencies have not identified any such considerations. Your signature on the attached letter to the Chairman of the Civil Aeronautics Board would constitute the declaration needed to preserve the opportunity for judicial review.

The Office of Management and Budget recommends that you approve the Board's decision by taking no action. The Office of Management and Budget also recommends that you sign the attached letter to the Chairman.

Dennis O. Green
Associate Director for
Economics and Government

Attachments:

CAB letter of transmittal
CAB order
Letter to the CAB Chairman

Options and Implementation Actions:

☐ 1) Approve the Board's decision by taking no action and preserve the opportunity for judicial review by declaring that your decision is not based on foreign policy or defense considerations. (DOS, DOD, DOJ, DOT, NSC, OMB).
-- Take no action on the decision.
-- Sign the attached letter to the Chairman.

☐ 2) Approve the Board's decision, but do not preserve the opportunity for judicial review. (No reasons why judicial review should not be preserved have been identified).
-- Do nothing.

☐ 3) Disapprove.
-- Appropriate implementation materials to be prepared.

☐ 4) See me.

980

THE WHITE HOUSE
WASHINGTON

February 23, 1978

Jim McIntyre

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Frank Moore
Jack Watson

POTHOLE BILL

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

THE WHITE HOUSE
WASHINGTON

2-23-78

To Jim McIntyre

Notify Brock that the pothole bill is not acceptable -

J. C.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 23, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT
BILL JOHNSTON

SUBJECT: Coal Strike - Options

We have circulated Secretary Marshall's option memorandum on the coal situation and have had lengthy conversations with the principals involved.

Based on our most recent meetings and communications there are essentially only three viable options: Taft-Hartley injunctive relief; seizure; or a combination of Taft-Hartley and seizure. No one favors another option considered at one time, compulsory arbitration, which is opposed by your advisers and by labor.

Secretary Marshall's memo sets out the pros and cons of these options.

Because of its length and because it contains issues not now relevant in light of recent developments we will briefly summarize the advantages and disadvantages of each of these courses of action and provide you with an analysis of where your advisers stand on these.

1. TAFT-HARTLEY (only)

Advantages

The greatest advantage of Taft-Hartley is that it makes use of an existing, Congressionally-approved mechanism to deal with labor disputes of this nature. To skip over it and seek other options which would require new legislation, assumes non-compliance with the law. Moreover, if Taft-Hartley was not sought and only seizure legislation was requested, there would be a long period of time during which we might seem impotent, waiting for the Congress to

consider new legislation and taking no other action. In addition, while previous Taft-Hartley injunctions have not been notably successful, the General Counsel of UMW, Mr. Coombs, has informed your advisers that this was because John L. Lewis refused to obey them. He indicates that the current leadership would obey the injunction and request that the workers go back to work. It has been pointed out to us that even John L. Lewis ultimately obeyed the court when contempt action was filed against him and ordered the miners to return to work, which they did within a few days. While obviously the current leadership is weak, by enjoining all regional and local leaders, we can maximize the extent of the return to work. It is revealing that Mr. Coombs has privately recommended the Taft-Hartley course.

Yet another advantage of Taft-Hartley is that even if it is widely disobeyed, the very act of disobedience strengthens the Administration's hand in seeking new legislation.

Disadvantages

The disadvantages of Taft-Hartley are the possibility that there will be widespread disorder and possible violence and that evidence would have to be mustered to obtain an injunction -- which is not a sure thing. Secretary Marshall also has indicated that it would be inflammatory to the miners. This is not clear. In this regard I attach a memo from Harry Huge, Counsel to Arnold Miller, which seems to back up the assertion by the General Counsel of the UMW that the coal miners would obey a Taft-Hartley injunction.

Recommendation

Attorney General Bell favors going the Taft-Hartley route only. As will be indicated later, other of your advisers favor Taft-Hartley in conjunction with seizure legislation.

It should be mentioned here that we can go one of two ways with Taft-Hartley. One way would be under existing law, which would require the workers to return to work under the pre-existing contract, unless the parties voluntarily agreed to accept the financial portion of the P&M Agreement in court. The main advantage of following this avenue is that it tracks existing law, would require no additional legislation, and gives the miners an incentive to continue to bargain for a better contract.

The chief disadvantage is that it takes away some of the incentive to return to work which would exist if a more favorable contract could be written.

Most of your advisers who favor either the Taft-Hartley route alone or Option 3 (a combination of Taft-Hartley and seizure) are now leaning toward asking for a special law which would permit the workers to receive the financial benefits, retroactively, of the P&M Agreement. This would have the advantage of giving the workers an added incentive to return to work and would therefore have a greater positive impact on coal production. The Department of Justice has informed us that such a special act would be legal.

The disadvantage is that this would require special legislation (although the very promise of it might be enough to induce them to return to work) and it might take away some of the incentive to bargain for a permanent contract (there still would be a strong incentive since the guarantee of the Trust Funds probably would not be a part of the special legislation).

Secretary Marshall has suggested that a way of handling this would be to simply give the Secretary of Labor discretion in special legislation to determine the terms of the contract under which the workers return to work.

Secretary Marshall points out that his Solicitor has tentatively indicated that payments to the workers above the wage in the old contract would have to be paid out of the public treasury. We will ask the Justice Department to review this.

We will continue to explore which of the two Taft-Hartley avenues might be best if you decide to go this injunctive route.

2. SEIZURE LEGISLATION (only)

Advantages

The advantage of seeking seizure legislation is that it will be perceived as less anti-labor and will have the chance of being more readily accepted by the workers as the basis for a return to work, since the government, rather than the coal operators, is the temporary employer and the new contract under which the workers return would be written by the government.

Disadvantages

The disadvantage of going the seizure-only route is that we would have nothing else going for us during the time that the legislation was pending; it represents a rather draconian move which might possibly lead to prolonged debate; may set an undesirable precedent for the future; and would involve the government in complex issues of just compensation and other legal and financial matters. Even with seizure legislation there is no certainty that the workers would return to work absent the type of agreement that would satisfy them.

The Department of Justice feels that the legal ramifications of seizure are not fully addressed in the draft bill and have not been fully thought through yet.

Recommendation

Secretary Marshall recommends seizure legislation only. ??

3. A COMBINATION OF TAFT-HARTLEY AND SEIZURE (Dual Option)

Advantages

The main advantage of going with both an immediate Taft-Hartley injunction and seeking seizure legislation as a back-up is that it gives the government some chance of having the miners begin work while seizure legislation is being studied, and presents the possibility that no seizure legislation will actually have to be enacted if the injunction is successful. By seeking both actions, one of which impinges more on the union and one on the operators, there is a sense of balance. Moreover, if the Taft-Hartley route ultimately is unsuccessful, there will be no lost time in having seizure legislation considered.

Disadvantages

The disadvantage is that by requesting both, something that to our knowlege has not been done in the past, there may be an incentive on the part of the workers to await the outcome of the seizure legislation rather than go back to work under Taft-Hartley. However, this would seem to be minimized if you seek special legislation to permit the workers to return pursuant to the P&M Agreement inasmuch as they would then be as financially well-off under Taft-Hartley as under seizure.

Secretary Marshall feels this dual option would make you look indecisive, will delay Congressional action on seizure legislation, will put the miners in an adversary relationship with the government and will not have the same positive impact on obtaining an agreement as seizure. We attach his memorandum on this point.

Recommendations

This option is recommended by Wayne Horvitz (Federal Mediation and Conciliation Service), Secretary Schlesinger, Charlie Schultze, Bob Lipshutz, Jack Watson and by us.

MARSHALL
OPTION MEMO

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

February 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall

SUBJECT: Coal Negotiations and Policy Options

The dilemma faced by the government is the parties have reached impasse on about 10 real issues. The UMW has reduced their demands from 26 to 10. Management has offered concessions on four of these. While most of the impasse issues are production related (e.g. Sunday production, incentives, ability to change shifts, discharge wildcatters) they change past mining practices and affront the social and cultural milieu in which miners work and live. All the impasse issues were management demanded changes in the contract which had been tentatively agreed to by the UMW negotiating committee but rejected by their bargaining council. Management claims most of the changes are necessary to provide the large wage increases and the pension and health funds guarantees. The miners in the field resent the 1978 changes and have worked themselves into a mind-set that makes collectively bargained trade-offs difficult, especially when the economic realities and the emotional perceptions are inconsistent. For these reasons, the outlook for collective bargaining at this time is not promising.

NON-INTERVENTION

Under this option, the Government would take no further action except: (1) continue to work very closely with the parties to facilitate a settlement, and (2) take all necessary and appropriate steps to assure that existing mining activities and transportion of coal are not disrupted. If an industry-wide impasse continues in the bargaining, this approach would allow for agreements to be reached on a company-by-company basis. The FMCS has been pursuing the possibility of company-wide agreements, and these efforts may have some success.

IN FAVOR

1. Economic and public pressures on the parties may not now be strong enough to bring about a settlement. As the strike continues, however, these pressures can be expected to mount and yield increasingly positive results.

2. This approach is consistent with the policy of minimum intervention in the free collective bargaining process.

3. Other, more activist options may not achieve any greater success in resolving the dispute or assuring that production is resumed.

AGAINST

1. This approach would appear to be indecisive and would seem to be an admission that the Government had failed in its efforts and was powerless to do anything positive about the strike or its adverse effects.

2. The public pressures on the Government and the pressures by those adversely affected by the work stoppage would be enormous.

3. This option could ultimately result in a settlement, possibly through an accumulation of localized settlements which might set a pattern for other settlements. This process may, however, take an unacceptably long period of time to achieve adequate success.

4. Localized settlements could create additional instability within the International union and may greatly contribute to its decline as an effective force. The impact of any such deterioration of the International on national energy policy is uncertain.

5. Localized settlements would increase the potential for violent clashes between working and non-working miners and such violence could interfere with the transportation of coal which was produced.

TIMING

This option could be implemented immediately, but a considerable time may be necessary before it achieves positive results.

GOVERNMENT PROPOSED SETTLEMENT

Under this option, the Government would recommend to the parties specific terms and conditions to resolve the dispute. Such recommendations might be made either by Government officials or by a Presidentially appointed Board of experts. A variation of this option would be a recommendation by the President that the dispute be voluntarily submitted to binding arbitration.

IN FAVOR

1. This approach would involve a minimum compromise of the free collective bargaining process.

2. It is the easiest and most immediate positive action which can be taken. It is more positive than option 1, and would show the Government is making a final and constructive effort to facilitate a settlement.

3. If current efforts to achieve local settlements are successful, any local settlements reached can be used as a basis for broader Government settlement recommendations.

4. If the settlement was recommended by an independent Presidentially-appointed panel, there would be less hostility to the Government by the parties. Accordingly, the Government would be in a better position to facilitate a settlement if the recommended settlement is not adopted.

AGAINST

1. There is a strong likelihood that any recommended settlement would be rejected by all parties.

2. This option is likely to be seen as insufficiently decisive action by the Federal Government.

TIMING

This option could be implemented immediately. While the possibility of positive results is uncertain, if the option is successful, results could be achieved relatively quickly.

PRESIDENTIAL REQUEST FOR VOLUNTARY RESUMPTION OF PRODUCTION

Under this approach, the President would request the parties to voluntarily resume production immediately for a limited period of time. During this period, the Government would continue its intensive efforts to bring about a settlement. This option could be combined with recommendations to resolve the dispute by the Government or a Presidentially appointed Board.

IN FAVOR

1. This option is more decisive than the first two options and less coercive than the options to follow.

2. Without the controversy surrounding the invocation of Taft-Hartley, the miners may be more willing to return to work on a voluntary basis.

3. This option could buy time to achieve a settlement.

AGAINST

1. The Union and the employers may be unwilling to give up the economic pressures of a work stoppage.

2. If this approach doesn't work or is only partially successful, Presidential authority could be undermined.

TIMING

This option could be implemented immediately.

TAFT-HARTLEY 80-DAY INJUNCTION

IN FAVOR

1. Since the procedure has already been established, it could be initiated and completed relatively quickly.

2. The mechanism is a Congressionally-approved method for dealing with emergency labor disputes, and in Congress' eyes may be a prerequisite to passage of Selgrad legislation.

~~3. Compared to other options, it would be considerably less complex.~~

3. Invocation of Taft-Hartley would provide a basis for additional Federal presence in the area should violence exist.

4) The injunction would get some coal moving, although there are widely divergent opinions as to how much.

AGAINST

1. There would be widespread disobedience of a back-to-work order and probably even violence. In two previous Taft-Hartley situations, involving coal mining, there has been defiance of the injunctions by union officials or miners. It is estimated that approximately 86,000 miners, or 65 percent of the BCOA workforce, would not honor an injunction. The reactions of the remaining 35 percent are uncertain.

2. Widespread disobedience of the injunction would severely limit the additional production that could be achieved through an injunction. At the present time, 30 percent of all coal production is unaffected by the strike. It is estimated that full production would be restored in only the two Districts including Missouri and Oklahoma, where only a small percentage of the coal is mined. Disruptions in the other areas could severely limit production, even if a substantial number of workers were willing to return to work. Therefore an injunction may increase overall production by as little as an additional 10 percent.

3. This option is not even-handed. It impacts upon workers but not on employers.

4. Invocation of Taft-Hartley would be inflammatory to the miners and might impede a final resolution of the dispute.

5. In order to obtain an injunction, it would be necessary to prove to a court that the national health or safety is imperiled. The evidence necessary to support such a finding is greater than that which would constitutionally support seizure legislation.

6. It is true that Taft-Hartley would provide an additional basis for a Federal presence in the area to enforce peaceful production. Even without an injunction, however, there exists a substantial legal basis for a Federal presence should there be violence as a result of the dispute. The Hobbs Act and other laws prohibit certain threats or violence which obstruct interstate commerce. There are Federal laws prohibiting transportation of firearms in the furtherance of civil disorders, destruction of

property in possession of railroads and other carriers, and destruction of motor vehicles. Moreover, it is our understanding that the NLRB is now seeking injunctive action in the area. Should an injunction be issued under other provisions of Taft-Hartley, Federal action could be taken to assure compliance.

TIMING

The preparation of the case proving that the national health or safety is imperiled is the most time-consuming phase of the process of seeking a Taft-Hartley Emergency Disputes injunction. The issuance of an Executive Order declaring that the national health or safety is imperiled and all of the Board procedures establishing a Board of Inquiry could probably be completed in about 2 days.

After the President receives the Board of Inquiry's report, he can direct the Attorney General to seek the injunction. It is at this time that the Government's case demonstrating that the national health or safety is imperiled would be examined outside the Administration and by the district court where the injunction is sought. For this reason, it would be useful if convincing proof of impact be fully developed before the appointment of the Board of Inquiry lest the President be subjected to criticism that the Taft-Hartley procedures were initiated without proof that the national health or safety is imperiled.

At the present time, appropriate agencies of the government have been contacted and are in the process of developing information showing the national health or safety is endangered. The most critical data is currently being developed by the Department of Energy in conjunction with the Council of Economic Advisers and a number of representatives from other agencies and we have been informed that the Department of Energy's data will be available by the end of the day, Saturday, February 18. Other agencies are awaiting this data for use in the preparation of their affidavits. The limited information presently available does not appear to provide a sufficiently strong basis for immediate court action.

It is expected that the development of the case, including the preparation and perfection of these affidavits would take approximately one week, a week from today.

GOVERNMENT IMPOSED SETTLEMENT

A second option which should be considered is legislation to impose a Governmentally determined settlement on the parties. There are a variety of methods by which this could be achieved. These include compulsory arbitration by a Presidentially appointed Board or legislation of the contract terms by the Congress. The latter approach would present special difficulties because the resolution of difficult contract issues by the Congress would interfere with speedy enactment of the legislation. The following arguments are based on the "compulsory arbitration" approach.

IN FAVOR

1. Unlike Taft-Hartley or the seizure option discussed below, it provides a mechanism which is expressly designed to bring about a final resolution of the contract terms by the Government.

2. It is more even-handed than Taft-Hartley, because it puts pressure on both management and labor.

3. It is a less complex option than seizure, since the Government would not be involved in issues related to the operation and financial management of the mines. Complex issues relating to acquisition, operations and divestiture would be avoided.

4. Depending on the settlement achieved, workers may be more willing to return to work than if Taft-Hartley were imposed.

AGAINST

1. This approach would involve the greatest intrusion on the free collective bargaining process. Unlike either Taft-Hartley or seizure, this option would require that the Government mandate a final settlement.

2. Organized labor has strongly and traditionally opposed compulsory arbitration. This option would be seen as setting an undesirable precedent for future disputes. The controversy surrounding this issue could interfere with the prompt enactment of enabling legislation.

3. This approach could also create such antagonism among the mine workers that they would be unwilling to abide voluntarily by any settlement reached.

4. This option would involve greater delays than Taft-Hartley or seizure before achieving positive results:

a. Unlike Taft-Hartley, enactment of new legislation would be necessary.

b. Unlike Taft-Hartley or seizure, some time may be necessary for the arbitrator to fashion a final settlement.

c. Pending a satisfactory settlement, mine workers may be unwilling to return to work for the mine operators voluntarily under the old contract or the first negotiated agreement.

TIMING

Enactment of special legislation would take at least a week. It would affect the Senate's present consideration of the Panama Canal treaties and its proposed consideration of Labor Law Reform. It could be anticipated that not only would the introduction of special legislation on the mine strike delay the consideration of these measures, but it may have a serious adverse effect on their chances for passage.

Seizure

Any seizure legislation should be fashioned to achieve maximum protection for the interests of both management and labor. There are a variety of approaches which could be taken. It is clear, however, that such legislation should include provisions for: (1) just compensation for mine owners; (2) a mechanism to assure fair wages and employment conditions during the period of seizure; and (3) a mechanism to facilitate a resolution of the dispute by the parties.

Presidential seizure and temporary operation of industrial property has occurred 71 times in labor disputes, the first seizure occurring during the Civil War and the

most recent seizure taking place in 1952. The vast majority of seizures have taken place during wartime, particularly during World War II.

The purpose of these seizures has been to suppress physical violence, enforce the continuance of industrial production, or mediate a settlement in industries deemed essential for governmental or private use. In most cases, they have been used as a last resort. The median duration of the seizures has been 95 days, with 48 seizures of individual firms and 23 of groups of firms. The coal mines have been seized 6 times (1943, 1943-45, 1945, 1945-46, 1946-47). It is not well-settled that a presidential seizure must be based on legislation expressly authorizing its use in particular situations.

There has often been some resistance to the assertion of presidential authority. In 46 of the 71 seizures, some or all of either labor or management resisted the President's authority, usually at the beginning of the seizure operations. In 40 cases, the emergency disputes were fully settled during the period of Government control.

IN FAVOR

1. Seizure is more even-handed than Taft-Hartley because it puts pressure on both management and labor.

2. Seizure is considerably less intrusive on the free collective bargaining process than compulsory arbitration. Although the Government could fix temporary terms and conditions of employment, seizure would not impose a governmentally determined final settlement. Seizure could be accompanied by special mechanisms to mediate a settlement. While these mechanisms were operating, seizure would impose pressures on both parties to reach a reasonable final agreement.

3. The seizure option is less subject to intense opposition by organized labor than either Taft-Hartley or compulsory arbitration.

4. Seizure is the option most likely to encourage a voluntary back-to-work movement by the mine workers. It is also likely to minimize the potential for violence.

a. The Government, rather than the mine-operators, would be the temporary employer.

b. Seizure would be seen as involving a compromise of employer as well as labor interests.

c. The Government would have discretion to make some temporary adjustment of the terms and conditions of employment.

5. In the event that a large Federal presence was needed to protect against the possibility of violence at mine sites, this presence would be less obtrusive and controversial if the mines were under Government operation.

6. Because the seizure option presents greater uncertainties for both parties than either of the other options, a credible threat that the Government has adopted this option may create the greatest pressures for voluntary resolution of the dispute. It will be noted that in March of 1950, after a Taft-Hartley injunction failed to end the work-stoppage, President Truman requested authority from the Congress to seize the bituminous coal mines because of the pending labor dispute. The dispute was settled two days later.

AGAINST

1. The seizure option would take longer to implement than Taft-Hartley. New legislation would be required.

2. The Government may be subjected to criticism for not immediately using available remedies.

3. Seizure may set an undesirable precedent for future emergency disputes and may undermine the existing emergency dispute mechanisms.

4. Seizure would be more complex than either of the other options. It would involve the Government in difficult operational, financial, and legal issues.

TIMING

Enactment of special legislation would take at least a week. It would affect the Senate's present consideration of the Panama Canal Treaties and its proposed consideration of Labor Law Reform. It could be anticipated that not only would the introduction of special legislation on the mine strike delay the consideration of these measures but it may have a serious adverse effect on their chances for passage.

PROPOSED SHORT-RUN STRATEGY

I. Presidential Action

Over the weekend you would announce the following two-pronged strategy to bring an end to the coal dispute:

A. Government efforts to break the impasse

B. Monday meeting with Congressional leadership.

The details of these two initiatives will be spelled out below.

II. Government Attempts to Break Impasse

--On Sunday, I would outline the terms of a government-proposed settlement in letters to Arnold Miller and the chief executive officers of the coal companies.

--Letter would request that both sides take these changes through the contract ratification process.

--Letter would give both sides no more than 72 hours to consider and act on these proposals.

--Every effort would be made within those 72 hours to put pressure on both sides to agree to the government proposals.

--The terms of the agreement would include all of the items that the parties have agreed to, both during the negotiations and mediation process. Submission of the remaining unresolved issues--first to a mediation panel and then to arbitration.

III. Stimultaneous Congressional Initiatives

In announcing that you have asked for a Monday meeting with Congressional leadership, you would stress that it would be to review our options if the government-proposed settlement strategy fails. In this announcement you should specifically mention that these options include the Taft-Hartley injunction, compulsory arbitration and seizure.

--At the Monday meeting, you would outline the available options if negotiations fail:

a). Taft-Hartley Act 80-day cooling-off period.

b). Compulsory arbitration legislation.

c). Legislation for government seizure of mines.

IV. Optional Additional Presidential Step

--If you feel that stronger Presidential action is needed, you could publicly discuss the option of asking for seizure legislation. Such statements from you would only intensify the mounting pressures.

--Even stronger action could involve submitting seizure legislation to Congress during the 72-hour period while both parties were considering the government-proposed settlement.

V. Justification for Strategy

--Active, not passive, strategy. Underlines that government is continuing to push for end to strike.

--The 72-hour deadline allows time for additional pressure to build.

--Effort toward government-proposed settlement avoids, for the moment, problems involved in legislative options. Indications are that quick Congressional action on legislative options might be difficult. Legislative solutions run the risk of disrupting Senate debate on Panama Canal Treaties.

--A proposed government settlement allows us to build on what progress has been made in collective bargaining in the last few days.

--Monday meeting with Congressional leadership brings Congress into the process. If you decide on a legislative option, this kind of consultation would be needed. Meeting

also underscores your determination to take firm action if government-proposed settlement is rejected.

--This two-pronged strategy avoids the appearance of precipitous action. Lays the ground-work for legislative options, without irrevocably commiting you to them.

C

STATUS REPORT ON THE COLLECTION INFORMATION CONCERNING THE IMPACT OF THE COAL STRIKE

Gathering information on the impact of the coal miners strike is vital not only to the Taft-Hartley option but also to any effort to obtain special legislation to deal with the dispute. Despite continuous efforts to obtain information including contacts at the highest levels, we do not now have adequate information to prove that the national health or safety is imperiled. The following is a detailed list of the status of information collection on an agency-by-agency basis:

1. The Department of Energy and central economic agencies.

DOE in conjunction with CEA and representatives from a number of agencies dealing with economic policy are preparing estimates of the economic impact of the strike. They have agreed upon a methodology and are fitting the data into the methodology. DOE has promised it to us by the end of the day. Each affected agency will then be required to re-work their information to take into account this data.

2. Department of Commerce

Prepared first draft, but it does not fully develop the economic impact. It is currently being revised.

We have been advised that their affidavit will not be sent to us before noon on Tuesday.

3. Department of Treasury.

Submitted an affidavit but it is not sufficient to support injunction. Revisions will be required when new data is received from DOE.

4. Department of Defense.

Submitted partial information which does not support an injunction. Defense has been requested to re-examine the indirect effects on Defense suppliers and effects on a possible mobilization effort. DOE information will probably require a re-evaluation of their conclusions.

5. DOT, HUD, and ICC.

Have submitted information which is supportive does not deal with an impact of a substantial magnitude.

6. Department of State

Promised a draft affidavit before 5:00p.m. today dealing with effect on U.S. prestige in dealing with energy problems and reliance on oil imports.

7. TVA.

Basic information submitted supports an injunction but will need more recent re-evaluation before converting to an affidavit.

8. GSA

Submitted an affidavit on Emergency Preparedness which strongly supports an injunction but doesn't contain much specific data.

9. Department of Agriculture

Submitted information which is generally supportive but conclusory. More supporting data is required. Information being developed by DOE may be helpful.

PREPARATION OF SEIZURE LEGISLATION

Preliminary steps have been commenced to draft Seizure Legislation. It is estimated that it would take about two days to draft such proposed legislation.

MARSHALL
STRATEGY MEMO

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

February 23, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall

SUBJECT: Strategy to Resolve The Coal Dispute

After having the opportunity to consider more fully the possibility of seeking simultaneously both seizure legislation and invocation of Taft-Hartley, I have come to the conclusion that this approach presents more difficulties and offers less possibilities for success than either Taft-Hartley or seizure alone.

Under normal circumstances, I would recommend utilizing an existing statutory mechanism rather than the enactment of special legislation. In this case however, there is a high probability that Taft-Hartley simply will not work. Invoking the law will only jeopardize the effectiveness of seizure as a second step.

"DIFFICULTIES UNDER DOUBLE OPTION"

1. In all likelihood, the Congress will wait and won't act on seizure legislation until Taft-Hartley has failed or runs its course. Because this is true, the effect of the "double option" would immediately be perceived as one-sided.

2. Taft-Hartley won't work and is likely to result in violence. In order to protect lives and property and to preserve the integrity of the court order, the Government will be required to take increasingly strong action against workers or union officials.

3. Invoking Taft-Hartley and taking the strong actions needed to enforce it will poison the miners' attitudes towards the Government. This would seriously undermine the principal virtue of the seizure option--the greater likelihood that the workers will return to work voluntarily.

4. The "double option" would also jeopardize the success of Taft-Hartley.

a. It will invite defiance by implying, in effect, that the Government believes it won't work and needs seizure as a back-up.

b. If employees are more willing to return to work when the mines are seized, they will simply await enactment of the seizure legislation rather than returning to work under the Taft-Hartley injunction.

5. The "double option", offers no economic incentive for workers to return to work after an injunction is imposed, even if the proposed seizure legislation includes provisions for increases retroactive to the date of their return to work.

a. Under Taft-Hartley injunctions, courts direct that employees work under the terms and conditions of the previous agreement.

b. Seizure legislation would permit the payment of a higher wage rate. Workers would therefore await enactment of seizure legislation before returning to work.

c. In an effort to avoid this problem, seizure legislation proposed at the time of a Taft-Hartley injunction could promise to pay miners additional wages retroactively for work performed under the injunction. This promise, however, is not likely to induce workers to return to work. The workers will know that the promise of retroactive pay can only be fulfilled if the seizure legislation is passed. If they return to work, enactment of seizure legislation is highly unlikely.

d. The Government is likely to bear the expense of any retroactive pay under Taft-Hartley in order to avoid a "due process" issue. Such a provision could be seen as a government "bible" to induce workers to obey a Taft-Hartley injunction.

6. Proposing the double option will create the impression that the Government is indecisive and cannot make a clear choice between two difficult options.

In considering options to resolve this difficult dispute, I have given serious thought to the adequacy of the Taft-Hartley emergency disputes procedures in achieving their intended purposes. It may be that some improvements in these procedures are possible. However, I do not believe that any such proposals should be developed or considered by the Congress in the climate surrounding a major work stoppage.

HARRY HUGE
MEMO

MEMORANDUM TO LANDON BUTLER

FROM: HARRY HUGE

DATE: FEBRUARY 22, 1978

SUBJECT: COAL MINERS IN 1978 WOULD OBEY TAFT-HARTLEY INJUNCTION

Striking coal miners would return to work if a proper Taft-Hartley injunction was issued. Conditions in 1978, where an order once issued would be obeyed are far different from conditions in the late 1940s when Taft-Hartley orders were defied until contempt citations were issued.

REASONS

1) Effective UMW leadership in the late 1940s opposed Taft-Hartley and after issuance, defied it. In the late 1940s UMW President Lewis had firm control over the miners. From 1943-48 there were seven national strikes, five federal government seizures, and two Taft-Hartley injunctions, as well as contempt citations. Lewis defied the injunctions and imposed that defiance on the miners, who followed Lewis' example. However, immediately after contempt action against Lewis, he ordered the miners to return to work and they did so within a few days.

2) UMW leadership today would oppose Taft-Hartley until it is issued, but then would comply with it. Arnold Miller and his leadership would oppose Taft-Hartley until issued, but once issued, they, unlike Lewis, would comply with it.

3) The miners want to return to work under proper conditions. The miners in the last 12 months have been on strike nearly 24 weeks. They have been without health care since December 6. Except for the vocal right-to-strike minority, Taft-Hartley would give the miners an excuse to return to work if the injunction contained the provisions set forth in paragraph four below.

4) Taft- Hartley injunction, to work, must contain the 1974 BCOA agreement plus agreed to items of the 1978 agreement. In order to have the miners obey the injunction, it must contain the basic principal provisions of the 1974 BCOA agreement plus the agreed to new wage and pension levels of either the 1978

BCOA or P&M agreement. The injunction should contain the following additional items:

--The defendants should be all the BCOA signatory operators so that it has national effect.

--The injunction should name personally the international officers, members of the international executive board, and all district and local union officers. This would be the most effective and safe way to obtain compliance.

--For a specific example of the type of injunction, see the injunction granted in U.S. vs UMWA, 89 F.SUPT. 187.

5) Seizure would not work. It would be too slow, and would keep the government constantly bargaining with the miners as their demands escalated. In addition, the complicated issue of just compensation for the mines would have to be worked out.

THE WHITE HOUSE

WASHINGTON

February 23, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Bob Lipshutz

SUBJECT: Coal Strike Options

On the assumption that the present efforts to obtain a voluntary settlement between some or all of the coal operators and the union do not prove to be successful by Friday of this week, I recommend that the following option be exercised by you:

1. That you initiate at once action under the Taft-Hartley law.

2. That, at the same time, you propose to Congress legislation which would modify the Taft-Hartley in this particular instance by making a temporary adjustment of the terms and conditions of employment based upon the "P and M" agreement; otherwise, the employees would work under the terms and conditions of the old contract. The substance and effect of such an amendment to the law would be quite similar to the provisions of any "seizure" legislation, and hopefully this would remove the major objection which employees would have to utilizing the Taft-Hartley law.

3. That you sign the proposed Executive Order, "Establishing the Presidential Commission on Coal Industry Issues", and perhaps announce the name of a mutually respected person as Chairman of this Commission, such as Arthur Goldberg.

4. That you go on national television promptly and review all of the efforts which have been made by the Administration to resolve this matter heretofore, and ask for the patriotic support of the American people and particularly the mine workers.

5. That you mobilize fully the necessary security forces and Justice Department personnel to work closely with the Governors of the most affected states, to assure law and order and to protect miners and operators in all situations where the people are willing to resume production and delivery of coal.

6. And, finally, that during this entire period the Secretary of Labor continue intensive efforts and pressure to bring the parties around to a negotiated contract.

My recommendation that you take the foregoing course of action rather than seizure action at this time is based upon the following factors:

1. Decisive and definitive action on your part at this juncture is extremely important.

2. The only available legal course of action by the Federal government is under the provisions of the Taft-Hartley law.

3. Despite some of the assurances which have been given for the support of "any course of action you deem necessary", my personal judgement is a request for new, urgent legislation would at best be prolonged in being enacted, and at worst would be rejected. Furthermore, should seizure legislation become the only viable alternative, it would have a great deal more receptivity if action under the present Taft-Hartley law had proved to be ineffective.

4. The principal objection of the union members to the Taft-Hartley law can be overcome by enactment of the specific amendment outlined above. And if the union members are not going to return to work under these conditions, it seems that they are no more likely to return to work under a seizure law.

5. In my judgement you are likely to receive more public support for this course of action than by proceeding under any of the other options which are available. And such public support is extremely important not only with reference to the coal strike itself, but also with reference to other important matters which are pending.

Jack Nelson

713

305-231

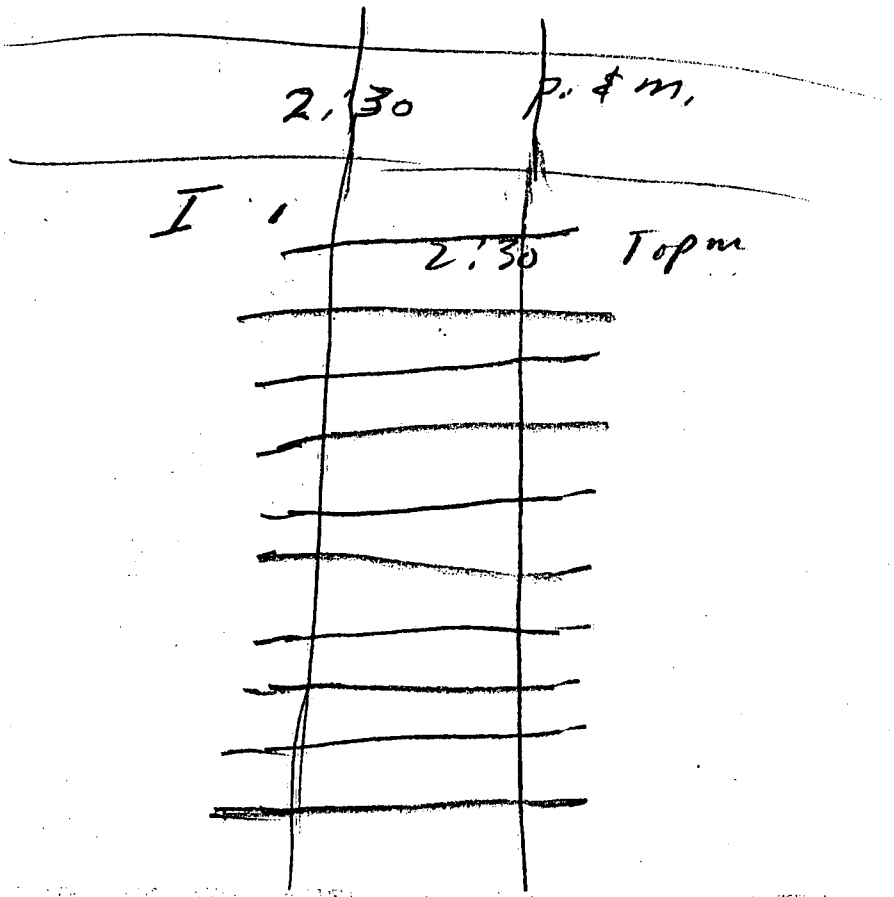
2884

meeting/coal/cabinet room
2/23/78 4:30 p.m.

— THE WHITE HOUSE —
WASHINGTON

Mngmt meet @ 2:30
6 execs.
Meet after

10:30 mtg Cancelled



THE WHITE HOUSE

WASHINGTON

February 23, 1978

To Dr. Stanley Katz

I would like to thank you for your dedicated service to the American people and your contributions to this Administration's achievements in the international economic policy field.

My best wishes for your success as Vice President of the Asian Development Bank.

Sincerely,

Jimmy Carter

Dr. S. Stanley Katz
Department of Commerce
Washington, D.C. 20230

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

February 22, 1978

Dear Mr. President:

One of my ablest deputies, S. Stanley Katz, will be leaving Government shortly to become Vice President of the Asian Development Bank.

During his ten years of dedicated service with the Department of Commerce, Dr. Katz has been one of the major contributors to the formulation of U.S. international economic policy. The quality of his work and the significance of his achievements are reflected in the fact that he is the first American ever to be appointed a Vice President of this important international institution.

I would like to request that you sign the enclosed note of thanks to Dr. Katz for his many years of Government service. Such recognition would, I think, be a fitting conclusion to a very distinguished Government career.

Respectfully,

Juanita

Juanita M. Kreps

Enclosure

The President
The White House
Washington, D.C. 20500

AG Bell Dir Kelly
Judge Webster ← (FBI Dir)
Drusilla

Importance
Public Confidence
Example - Law Enforce
Challenges
DIR KELLY → DIR WEBSTER
INVESTIGATION
CITIZENS' RIGHTS
PRIORITIES
FBI - FED AGENCIES
USATTY - FED DIST - CIRCUIT
REPUB - FALLIBLE
FULL SUPPORT

THE WHITE HOUSE

WASHINGTON

February 23, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Jim McIntyre

RE: SPACE REQUIREMENTS FOR HOUSING FEDERAL AGENCIES

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
	/	McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
		GAMMILL

		KRAFT
		LINDER
		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		POSTON
		PRESS
		SCHLESINGER
		SCHNEIDERS
		STRAUSS
		VOORDE
		WARREN

THE WHITE HOUSE
WASHINGTON

2/23/78

Mr. President:

Jay Solomon's memo is not attached - it is adequately summarized by Stu.

Rick

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

Stu
J

February 21, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT Stu

SUBJECT: Jay Solomon Memorandum Re: Space Requirements for Housing Federal Agencies

In his memorandum Jay Solomon explains that about 3,000 new Federal employees each year are added into the Washington Metropolitan area because of new or expanded programs proposed by Congress and the Administration. Because of this fact agencies are constantly requesting additional space from GSA. Solomon believes there are two ways to handle these requests: (1) impose an arbitrary limitation on the acquisition of space, or (2) use the discretionary authority vested by statute and Executive Order in the Administrator of GSA. He recommends that you approve the latter as the best approach to handling agency request. I concur with his recommendation.

According to GSA there have been previous moratoriums or similar restrictions placed on the acquisition of space for use by federal agencies. It has been GSA's experience that the moratorium approach entails hidden costs which ultimately negate the immediate savings obtained. These costs arise from inefficiencies caused by (1) expanding programs without increasing the area in which tasks are to be performed, (2) altering the interior of existing space rather than leasing new space, and (3) moving the program into permanent quarters at a later date subsequent to the lifting of the moratorium.

Executive Order 11512 was issued to place constraints on the acquisition of space by federal agencies. Two guidelines of that Executive Order are noteworthy. First, maximum use must be made of existing government-owned permanent buildings which are adequate or economically adaptable to the space needs of executive agencies. Second, space planning and assignments must take into account the objective of consolidating agencies and constituent parts thereof in common or adjacent space for the purpose of improving management and administration. Jay does not intend to take actions with respect to space requests which are inconsistent with these guidelines.

I met with Jay to discuss this matter and found that there are some pressing needs for work space in the Washington area which must be met. I also discovered that there are inadequacies in our present approach to this problem. Program proposals, including reorganization plans, apparently are made without serious attention paid to the space requirements which they will entail both inside and outside of Washington. Failure to take these requirements into account distorts the costs of programs, particularly if they involve space acquisition in urban areas.

In order to bring efficiency to this aspect of government operations and to impress upon the departments your concern about uncontrolled agency growth, I recommend that you approve a case-by-case review approach which would authorize the procurement of space only under the following conditions:

- a new program is authorized or an existing program is expanded and existing space is not available for assignment.
- The costs of operating in an existing space outweigh the proposed space acquisition.

DECISION

_____ Approve _____ Disapprove

_____ Other

If OMB approves, ok, - but this is not carte blanche to acquire space.

JC

ID 780654 THE WHITE HOUSE

WASHINGTON

DATE: 08 FEB 78

FOR ACTION: STU EIZEZSTAT Hold for SE comment Curt + Schnabel Wed AM

INFO ONLY: THE VICE PRESIDENT JODY POWELL

JACK WATSON attached JIM MCINTYRE

SUBJECT: EXPANDING SPACE REQUIREMENTS FOR HOUSING FEDERAL AGENCIES

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM FRIDAY 10 FEB 78 +

++++++++++++++++++++ ++++++++++++++++++++ ++++++++++++++++++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

✓	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

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	✓	McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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	BOURNE
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	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

General Services Administration
Office of the Administrator
Washington, DC 20405

MEMORANDUM FOR: The President

THRU: Stu Eizenstat

FROM: Jay Solomon

RE: Expanding Space Requirements for Housing Federal Agencies

Approximately 3,000 employees are added to the Federal work force each year in the Washington Metropolitan area. These employees are authorized by the Administration and the Congress to implement new or expanding programs, such as the newly created Toxic Substance and Cancer Assessment Programs of the Environmental Protection Agency (214 positions), the new Federal Mine Safety and Health Review Commission (89 positions), and the rapidly expanding Black Lung Program of the Department of Labor (100 new positions). Each new program creates a demand for more space.

In addition, space may also be required to consolidate agencies that have operations at a number of different locations. For example, the Nuclear Regulatory Commission, which is now housed in 11 locations, will require approximately 600,000 square feet of space in order to effect consolidation.

I am well aware of your desire to control the growth of the Federal establishment and will do everything possible to support this effort. However, some resolution has to be made of the major legitimate demands for space. Two approaches to meeting the current space crisis in the Washington area are discussed below.

The first approach, which I do not recommend, would be to impose an arbitrary limitation on the acquisition of space, restricting the per annum net growth to a specified level. This approach has the advantage of providing for strict administrative control over the increase in government space holdings, however, I believe such a policy might prove too restrictive, and preclude the implementation of some pressing programs.

The second approach, which I plan to adopt subject to your approval, is to use the discretionary authority vested in the Office of the Administrator of General Services. As provided by statute, I will authorize the procurement of space on a case-by-case basis only after a careful review and determination of the urgency of each request. This approach will have these advantages:

- It will permit a quick response on a case-by-case basis to the urgent needs of Federal agencies.
- It will permit the acquisition of space to support priority programs.
- Such discretionary authority will permit a realignment of agencies in accordance with reorganization plans.

I plan to use this authority with the utmost discretion. The goal of reducing government growth and spending will be carefully balanced against the need for timely implementation of Administration programs, and against the need to effect substantial savings by consolidation of Federal agencies.

ID 780654

THE WHITE HOUSE

WASHINGTON

DATE: 08 FEB 78

FOR ACTION: STU EIZEZSTAT

1978 FEB 8 PM 6 45

INFO ONLY: THE VICE PRESIDENT

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JODY POWELL

JIM MCINTYRE

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+ BY: 1200 PM FRIDAY 10 FEB 78 +

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STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

Rick:

The memo does not need to go to the President. In effect, Jay is asking the President's permission to exercise "the authority vested in the Office of the Administrator of GSA." Of course Jay should do the analysis on a case-by-case basis in accordance with his best judgment — that's his job! The President should not be bothered with this - Jack

THE PRESIDENT HAS SEEN.

~~CONFIDENTIAL~~

C

THE WHITE HOUSE

WASHINGTON

February 23, 1978

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE FM/BR
BOB THOMSON Bob/A
BOB BECKEL RB

RE: First Panama Vote - An Analysis

The first test vote on Panama, 67-30 in our favor, although generally hailed in the press as a major victory, is cause for some concern. Senator Baker feels it is serious; Senator Cranston feels it is encouraging. We come down between the two. To begin, all of our solid votes, 57 of 59 (two of our votes, Biden and Haskell, were absent), voted with us. All of the opposition's solid votes, 23 of 24 (opponent Hatch was absent) went against us. Of the 17 votes we now consider leaning or undecided, 10 supported our position, 7 sided with the opposition. It would be premature to assume that these votes are indicative of these Senators' positions on either amendments or final passage. Both sides clearly saw this as a symbolic vote. Senators Byrd and Baker appealed for leadership support. Additionally, your prestige was somewhat on the line. We think for these reasons Senators Nunn, Talmadge, Long, Hatfield, Randolph and Roth, who are by no means sure votes for the Treaties, voted with us. Other Senators from the undecided/leaning group (Bellmon, DeConcini, Heinz, McIntyre) we think, by voting with us, may be showing some signs of eventual support. In that same light, undecided/leaning Senators Burdick, Cannon, Melcher, Schweiker and Stevens, who voted against us could well be moving in that direction and should concern us. We believe that Senators Ford and Zorinsky voted against us to keep their options open and the opposition off their tails. If these two are to come with us, they will need time to find the best way to do so. A yes vote yesterday would only have caused them unnecessary grief.

~~CONFIDENTIAL~~

In sum, this vote is inconclusive. It was a relatively easy vote for those undecided Senators who wanted to show support for you and the leadership while leaving their options open. It provided a shelter for those who have been under strong political pressure to vote against us, and it may have been a vehicle for some Senators to show their inclinations for or against. We should also keep in mind that the substantive content of this motion, i.e., to place the Panama Treaty before the Neutrality Treaty, could well have swayed votes. Many Senators want to be assured that the October 14 leadership amendments are attached to the Neutrality Treaty before they can cast a vote in favor of the Panama Treaty.

One last note--Senator Brooke's strong statement yesterday caused alarm among Republicans, particularly Baker. Senator Baker talked to Brooke this morning and feels much better about his position. We must remember that Brooke is fearful of a primary this year and must be very cautious with this issue.

NOTE: Senator Allen tried today to force a vote on an amendment to keep troops after the year 2000 (one we are very fearful of). However, the vote on this has been put off until Monday.

Susan -
Prepare speech notebook
T

THE WHITE HOUSE

WASHINGTON

February 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT

SUBJECT: EEO Reorganization Package

Attached are the following materials relating to this package which will be submitted to the Hill following your remarks to civil rights leaders at 2:30 tomorrow afternoon.

1) Your message accompanying the Plan, reviewed and approved by Jim Fallows' staff and the staffs of Bob Lipshutz and the Vice President;

2) Memo concerning one related issue which the UAW and others wish to see included in the message; we concur (the language in question is the last paragraph at p. 6);

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Office of the Administrator
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CONFIDENTIAL

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WASHINGTON

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4) The Plan itself.

TO THE CONGRESS OF THE UNITED STATES:

I am submitting to you today Reorganization Plan No. 1 of 1978. This Plan makes the Equal Employment Opportunity Commission the principal Federal agency in fair employment enforcement. Together with actions I shall take by Executive Order, it consolidates Federal equal employment opportunity activities and lays, for the first time, the foundation of a unified, coherent Federal structure to combat job discrimination in all its forms.

In 1940 President Roosevelt issued the first Executive Order forbidding discrimination in employment by the Federal government. Since that time the Congress, the courts and the Executive Branch -- spurred by the courage and sacrifice of many people and organizations -- have taken historic steps to extend equal employment opportunity protection throughout the private as well as public sector. But each new prohibition against discrimination unfortunately has brought with it a further dispersal of Federal equal employment opportunity responsibility. This fragmentation of authority among a number of Federal agencies has meant confusion and ineffective enforcement for employees, regulatory duplication and needless expense for employers.

Fair employment is too vital for haphazard enforcement. My Administration will aggressively enforce our civil rights laws. Although discrimination in any area has severe consequences, limiting economic opportunity affects access to education, housing and health care. I, therefore, ask you to join with me to reorganize administration of the civil rights laws and to begin that effort by reorganizing the enforcement of those laws which ensure an equal opportunity to a job.

Eighteen government units now exercise important responsibilities under statutes, Executive Orders and regulations relating to equal employment opportunity:

o The Equal Employment Opportunity Commission (EEOC) enforces Title VII of the Civil Rights Act of 1964, which bans employment discrimination based on race, national origin, sex or religion. The EEOC acts on individual complaints and also initiates private sector cases involving a "pattern or practice" of discrimination.

o The Department of Labor and 11 other agencies enforce Executive Order 11246. This prohibits discrimination in employment on the basis of race, national origin, sex, or religion and requires affirmative action by government contractors. While the Department now coordinates enforcement of this "contract compliance" program, it is actually administered by eleven other departments and agencies. The Department also administers those statutes requiring contractors to take affirmative action to employ handicapped people, disabled veterans and Vietnam veterans.

In addition, the Labor Department enforces the Equal Pay Act of 1963, which prohibits employers from paying unequal wages based on sex, and the Age Discrimination in Employment Act of 1967, which forbids age discrimination against persons between the ages of 40 and 65.

o The Department of Justice litigates Title VII cases involving public sector employers -- State and local governments. The Department also represents the Federal government in lawsuits against Federal contractors and grant recipients who are in violation of Federal nondiscrimination prohibitions.

o The Civil Service Commission (CSC) enforces Title VII and all other nondiscrimination and affirmative action requirements for Federal employment. The CSC rules on complaints filed by individuals and monitors affirmative action plans submitted annually by other Federal agencies.

o The Equal Employment Opportunity Coordinating Council includes representatives from EEOC, Labor, Justice, CSC and the Civil Rights Commission. It is charged with coordinating the Federal equal employment opportunity enforcement effort and with eliminating overlap and inconsistent standards.

o In addition to these major government units, other agencies enforce various equal employment opportunity requirements which apply to specific grant programs. The Department of Treasury, for example, administers the anti-discrimination prohibitions applicable to recipients of revenue sharing funds.

These programs have had only limited success. Some of the past deficiencies include:

-- inconsistent standards of compliance;

-- duplicative, inconsistent paperwork requirements and investigative efforts;

-- conflicts within agencies between their program responsibilities and their responsibility to enforce the civil rights laws;

-- confusion on the part of workers about how and where to seek redress;

-- lack of accountability.

I am proposing today a series of steps to bring coherence to the equal employment enforcement effort. These steps, to be accomplished by the Reorganization Plan and Executive Orders, constitute an important step toward consolidation of equal employment opportunity enforcement. They will be implemented over the next two years, so that the agencies involved may continue their internal reform.

Its experience and broad scope make the EEOC suitable for the role of principal Federal agency in fair employment enforcement. Located in the Executive Branch and responsible to the President, the EEOC has developed considerable expertise

in the field of employment discrimination since Congress created it by the Civil Rights Act of 1964. The Commission has played a pioneer role in defining both employment discrimination and its appropriate remedies.

While it has had management problems in past administrations, the EEOC's new leadership is making substantial progress in correcting them. In the last seven months the Commission has redesigned its internal structures and adopted proven management techniques. Early experience with these procedures indicates a high degree of success in reducing and expediting new cases. At my direction, the Office of Management and Budget is actively assisting the EEOC to ensure that these reforms continue.

The Reorganization Plan I am submitting will accomplish the following:

- o On July 1, 1978, abolish the Equal Employment Opportunity Coordinating Council (42 U.S.C. 2000e-14) and transfer its duties to the EEOC (no positions or funds shifted).
- o On October 1, 1978, shift enforcement of equal employment opportunity for Federal employees from the CSC to the EEOC (100 positions and $6.5 million shifted).
- o On July 1, 1979, shift responsibility for enforcing both the Equal Pay Act and the Age Discrimination in Employment Act from the Labor Department to the EEOC (198 positions and $5.3 million shifted for Equal Pay; 119 positions and $3.5 million for Age Discrimination).
- o Clarify the Attorney General's authority to initiate "pattern or practice" suits under Title VII in the public sector.

In addition, I will issue an Executive Order on October 1, 1978, to consolidate the contract compliance program -- now the responsibility of Labor and eleven "compliance agencies" -- into the Labor Department (1,517 positions and $33.1 million shifted).

These proposed transfers and consolidations reduce from fifteen to three the number of Federal agencies having important equal employment opportunity responsibilities under Title VII of the Civil Rights Act of 1964 and Federal contract compliance provisions.

Each element of my Plan is important to the success of the entire proposal.

By abolishing the Equal Employment Opportunity Coordinating Council and transferring its responsibilities to the EEOC, this plan places the Commission at the center of equal employment opportunity enforcement. With these new responsibilities, the EEOC can give coherence and direction to the government's efforts by developing strong uniform enforcement standards to apply throughout the government: standardized data collection procedures, joint training programs, programs to ensure the sharing of enforcement related data among agencies, and methods and priorities for complaint and compliance reviews. Such direction has been absent in the Equal Employment Opportunity Coordinating Council.

It should be stressed, however, that affected agencies will be consulted before EEOC takes any action. When the Plan has been approved, I intend to issue an Executive Order which will provide for consultation, as well as a procedure for reviewing major disputed issues within the Executive Office of the President. The Attorney General's responsibility to advise the Executive Branch on legal issues will also be preserved.

Transfer of the Civil Service Commission's equal employment opportunity responsibilities to EEOC is needed to ensure that: (1) Federal employees have the same rights and remedies as those in the private sector and in State and local government; (2) Federal agencies meet the same standards as are required of other employers; and (3) potential conflicts between an

agency's equal employment opportunity and personnel management functions are minimized. The Federal government must not fall below the standard of performance it expects of private employers.

The Civil Service Commission has in the past been lethargic in enforcing fair employment requirements within the Federal government. While the Chairman and other Commissioners I have appointed have already demonstrated their personal commitment to expanding equal employment opportunity, responsibility for ensuring fair employment for Federal employees should rest ultimately with the EEOC.

We must ensure that the transfer in no way undermines the important objectives of the comprehensive civil service reorganization which will be submitted to Congress in the near future. When the two plans take effect, I will direct the EEOC and the CSC to coordinate their procedures to prevent any duplication and overlap.

The Equal Pay Act, now administered by the Labor Department, prohibits employers from paying unequal wages based on sex. Title VII of the Civil Rights Act, which is enforced by EEOC, contains a broader ban on sex discrimination. The transfer of Equal Pay responsibility from the Labor Department to the EEOC will minimize overlap and centralize enforcement of statutory prohibitions against sex discrimination in employment.

The transfer will strengthen efforts to combat sex discrimination. Such efforts would be enhanced still further by passage of the legislation pending before you, which I support, that would prohibit employers from excluding women disabled by pregnancy from participating in disability programs.

There is now virtually complete overlap in the employers, labor organizations, and employment agencies covered by Title VII and by the Age Discrimination in Employment Act. This overlap is burdensome to employers and confusing to victims of discrimination. The proposed transfer of the age discrimination program from the Labor Department to the EEOC will eliminate the duplication.

The Plan I am proposing will not affect the Attorney General's responsibility to enforce Title VII against State or local governments or to represent the Federal government in suits against Federal contractors and grant recipients. In 1972, the Congress determined that the Attorney General should be involved in suits against State and local governments. This proposal reinforces that judgment and clarifies the Attorney General's authority to initiate litigation against State or local governments engaged in a "pattern or practice" of discrimination. This in no way diminishes the EEOC's existing authority to investigate complaints filed against State or local governments and, where appropriate, to refer them to the Attorney General. The Justice Department and the EEOC will cooperate so that the Department sues on valid referrals, as well as on its own "pattern or practice" cases.

A critical element of my proposals will be accomplished by Executive Order rather than by the Reorganization Plan. This involves consolidation in the Labor Department of the responsibility to ensure that Federal contractors comply with Executive Order 11246. Consolidation will achieve the following: promote consistent standards, procedures, and reporting requirements; remove contractors from the jurisdiction of multiple agencies; prevent an agency's equal employment objectives from being outweighed by its procurement and construction objectives; and produce more effective law enforcement through unification of planning,

training and sanctions. By 1981, after I have had an opportunity to review the manner in which both the EEOC and the Labor Department are exercising their new responsibilities, I will determine whether further action is appropriate.

Finally, the responsibility for enforcing grant-related equal employment provisions will remain with the agencies administering the grant programs. With the EEOC acting as coordinator of Federal equal employment programs, we will be able to bring overlap and duplication to a minimum. We will be able, for example, to see that a university's employment practices are not subject to duplicative investigations under both Title IX of the Education Amendments of 1972 and the contract compliance program. Because of the similarities between the Executive Order program and those statutes requiring Federal contractors to take affirmative action to employ handicapped individuals and disabled and Vietnam veterans, I have determined that enforcement of these statutes should remain in the Labor Department.

Each of the changes set forth in the Reorganization Plan accompanying this message is necessary to accomplish one or more of the purposes set forth in Section 901(a) of Title 5 of the United States Code. I have taken care to determine that all functions abolished by the Plan are done only under the statutory authority provided by Section 903(b) of Title 5 of the United States Code.

I do not anticipate that the reorganizations contained in this Plan will result in any significant change in expenditures. They will result in a more efficient and manageable enforcement program.

The Plan I am submitting is moderate and measured. It gives the Equal Employment Opportunity Commission -- an agency dedicated solely to this purpose -- the primary Federal responsibility in the area of job discrimination,

but it is designed to give this agency sufficient time to absorb its new responsibilities. This reorganization will produce consistent agency standards, as well as increased accountability. Combined with the intense commitment of those charged with these responsibilities, it will become possible for us to accelerate this nation's progress in ensuring equal job opportunities for all our people.

THE WHITE HOUSE,

(1)

Presidential Remarks
White House Announcement Ceremony
Equal Employment Opportunity Reorganization Plan

I welcome you to the White House to join with me in taking an important step toward a more competent government and a more just society.

We are here today to announce a comprehensive series of measures to consolidate and streamline the enforcement of equal employment opportunity laws. I believe that this is the single most important action to improve civil rights protection in a decade.

Many of you in this room have participated in the struggle to make human rights a richer and fuller reality in our country. You have led and represented different groups, fought different obstacles, but your commitments have been, and are today, the same. You have seen the evils of discrimination, in all its various forms. You have dedicated your lives to the elimination of those evils.

I have often said that one of the best things that happened to this country in my lifetime was the Civil Rights Act of 1964. When I announced my candidacy for the Presidency I repeated the words of my inaugural speech as Governor of Georgia: "The time for racial discrimination is over. Our people have already made this major and difficult decision, but we cannot underestimate the challenges of hundreds of minor decisions yet to be made."

Everyone here is ready to meet the challenge of fulfilling our equal rights commitment -- whether we are from government, from business, from the ranks of labor or from the movements that struggled to write that commitment into law -- representatives of women, minorities, senior citizens, and others.

In 1940 President Roosevelt issued the first Executive Order forbidding discrimination in employment by the Federal Government. Since that time the Congress, the courts and the Executive Branch have taken historic steps to extend equal employment opportunity protection throughout the private as well as public sector. But each new prohibition against discrimination unfortunately has brought with it a further dispersal of federal equal employment opportunity responsibility.

There are today nearly forty federal statutes and orders with widely applicable non-discrimination requirements. These are enforced by some eighteen different departments and agencies. That is a formula -- not for equal justice -- but for confusion, division of resources, needless paperwork, regulatory duplication and delay.

The program I am announcing today will replace this chaotic picture with a coherent and sensible structure. It constitutes an important step toward consolidation of equal employment opportunity enforcement. Specifically, it will:

-- Establish the Equal Employment Opportunity Commission as the principal federal agency in fair employment enforcement;

-- Transfer from the Department of Labor to EEOC major statutes which forbid discrimination on the basis of sex and of age;

-- Transfer from the Civil Service Commission to EEOC responsibility for enforcing equal employment opportunity protections for federal employees;

-- Consolidate in the Department of Labor responsibility, now split among 11 agencies, for ensuring that federal contractors comply with equal employment standards;

-- Reinforce the responsibility of the Department of Justice to assure compliance with equal employment standards by state and local governments.

This is the first plan I am sending to Congress in 1978, under the reorganization authority law passed last year. This law is a powerful instrument which Congress and the President, working together, can use to make government work better. On this particular reorganization plan, as on others already approved and those still being developed, we have been fortunate in having the close cooperation and expertise of the Senate Governmental Affairs Committee, chaired by Abe Ribicoff, and of the House Government Operations Committee,

chaired by Congressman Jack Brooks. We look forward to working very closely with them and their able staffs through the statutory process of Congressional deliberation and evaluation of these proposals.

REORGANIZATION PLAN NO. 1 OF 1978

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, February 23, 1978, pursuant to the provisions of Chapter 9 of Title 5 of the United States Code.

EQUAL EMPLOYMENT OPPORTUNITY

Section 1. Transfer of Equal Pay Enforcement Functions.

All functions related to enforcing or administering Section 6 (d) of the Fair Labor Standards Act, as amended, (29 U.S.C. 206 (d)) are hereby transferred to the Equal Employment Opportunity Commission. Such functions include, but shall not be limited to, the functions relating to equal pay administration and enforcement now vested in the Secretary of Labor, the Administrator of the Wage and Hour Division of the Department of Labor, and the Civil Service Commission pursuant to Sections 4 (d) (1); 4 (f); 9; 11 (a), (b) and (c); 16 (b) and (c) and 17 of the Fair Labor Standards Act, as amended, (29 U.S.C. 204 (d) (1); 204 (f); 209; 211 (a), (b) and (c); 216 (b) and (c) and 217) and Section 10 (b) (1) of the Portal-to-Portal Act of 1947, as amended, (29 U.S.C. 259).

Section 2. Transfer of Age Discrimination Enforcement Functions.

All functions vested in the Secretary of Labor or in the Civil Service Commission pursuant to Sections 2, 4, 7, 8, 9, 10, 11, 12, 13, 14, and 15 of the Age Discrimination in Employment Act of 1967, as amended, (29 U.S.C. 621, 623, 626, 627, 628, 629, 630, 631, 632, 633, and 633a) are hereby transferred to the Equal Employment Opportunity Commission. All functions related to age discrimination administration and enforcement pursuant to Sections 6 and 16 of the Age Discrimination in Employment Act of 1967, as amended, (29 U.S.C. 625 and 634) are hereby transferred to the Equal Employment Opportunity Commission.

Section 3. Transfer of Equal Opportunity in Federal Employment Enforcement Functions.

(a) All equal opportunity in Federal Employment enforcement and related functions vested in the Civil Service Commission pursuant to Section 717 (b) and (c) of the Civil Rights Act of 1964, as amended, (42 U.S.C. 2000 e-16 (b) and (c)), are hereby transferred to the Equal Employment Opportunity Commission.

(b) The Equal Employment Opportunity Commission may delegate to the Civil Service Commission or its successor the function of making a preliminary determination on the issue of discrimination whenever, as a part of a complaint or appeal before the Civil Service Commission on other grounds, a Federal employee alleges a violation of Section 717 of the Civil Rights Act of 1964, as amended, (42 U.S.C. 2000e-16) provided that the Equal Employment Opportunity Commission retains the function of making the final determination concerning such issue of discrimination.

Section 4. Transfer of Federal Employment of Handicapped Individuals Enforcement Functions.

All Federal employment of handicapped individuals enforcement functions and related functions vested in the Civil Service Commission pursuant to Section 501 of the Rehabilitation Act of 1973 (29 U.S.C. 791) are hereby transferred to the Equal Employment Opportunity Commission. The function of being co-chairman of the Interagency Committee on Handicapped Employees now vested in the Chairman of the Civil Service Commission pursuant to Section 501 is hereby transferred to the Chairman of the Equal Employment Opportunity Commission.

Section 5. Transfer of Public Sector 707 Functions

Any function of the Equal Employment Opportunity Commission concerning initiation of litigation with respect to State or local government, or political subdivisions under Section 707 of Title VII of the Civil Rights Act of 1964, as amended, (42 U.S.C. 2000 e-6) and all necessary functions related thereto, including investigation, findings, notice and an opportunity to resolve the matter without contested litigation, are hereby transferred to the Attorney General, to be exercised by him in accordance with procedures consistent with said Title VII. The Attorney General is authorized to delegate any function under Section 707 of said Title VII to any officer or employee of the Department of Justice.

Section 6. Transfer of Functions and Abolition of the Equal Employment Opportunity Coordinating Council.

All functions of the Equal Employment Opportunity Coordinating Council, which was established pursuant to Section 715 of the Civil Rights Act of 1964, as amended, (42 U.S.C. 200 e-14), are hereby transferred to the Equal Employment Opportunity Commission. The Equal Employment Opportunity Coordinating Council is hereby abolished.

Section 7. Savings Provision.

Administrative proceedings including administrative appeals from the acts of an executive agency (as defined by Section 105 of Title 5 of the United States Code) commenced or being conducted by or against such executive agency will not abate by reason of the taking effect of this Plan. Consistent with the provisions of this Plan, all such proceedings shall continue before the Equal Employment Opportunity Commission otherwise unaffected by the transfers provided by this Plan. Consistent with the provisions of this Plan, the Equal Employment Opportunity Commission shall accept appeals from those executive agency actions which occurred prior to the effective date of this Plan in accordance with law and regulations in effect on such effective date. Nothing herein shall affect any right of any person to judicial review under applicable law.

Section 8. Incidental Transfers.

So much of the personnel, property, records and unexpended balances of appropriations, allocations and other funds employed, used, held, available, or to be made available in connection with the functions transferred under this Plan, as the Director of the Office of Management and Budget shall determine, shall be transferred to the appropriate department, agency, or component at such time or times as the Director of the Office of Management and Budget shall provide, except that no such unexpended balances transferred shall be used for purposes other than those for which the appropriation was originally made. The Director of the Office of Management and Budget shall provide for terminating the affairs of the Council abolished herein and for such further measures and dispositions as such Director deems necessary to effectuate the purposes of this Reorganization Plan.

Section 9. Effective Date

This Reorganization Plan shall become effective at such time or times, on or before October 1, 1979, as the President shall specify, but not sooner than the earliest time allowable under Section 906 of Title 5 of the United States Code.